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## **FOREWORD**

Over the 15 years, major reforms have been undertaken across Europe and Serbia as part of the Bologna Process. Although the implementation of these reforms is not yet entirely completed, increasingly the key questions refers to how they are actually achieving their goal of enhancing the quality of learning and teaching and its relevance to learners among society. These reforms are supposed to include digitalization, internationalization, research and innovation capacity and, to varying degrees, the impact of the economic and financial crisis.

Creativity involves the generation of new things or ideas or the transformation of those previously existing, when developing education programs, strategies, and policies to achieve quality education into account. It is more important in the realization of the learners wish- students to be able to solve academic and personal problems and challenges, to find innovative solutions and alternatives, and to have better tools and resources for success in a fast-changing world.

In the papers of this book of proceeding addressed to: the education for creative economy, qualitative statistical research tools creation, e-learning, career decision of talented students, education as a factor of development of various sectors in Serbia, etc., creativity has been identified as a key component for survival and resilience, an constant self-actualization.

With the arguably emergency of entrepreneurship which over the last two decades as the most potent economic force the world has ever experienced, increased the importance of the entrepreneurship education, too. The recent growth and development in the curricula and programs devoted to entrepreneurship and new-venture creation have been remarkable. The number of colleges and universities that offer courses related to entrepreneurship has grown. Among them the Faculty for BA & Entrepreneurship as the main initiator and organiser of this Scientific Conference permanently works on popularisation of the research results of trends and challenges in entrepreneurship education for the 21st century as core content of the creative education for employment growth.

As creativity is more and more relevant for education, where entrepreneurship education in itself has to include innovation and creativity, this book of proceedings provides with its papers: -The entrepreneurial spirit of ICT students, Female entrepreneurship in Nigeria, An impact of new training system on enhancing leaders abilities, Leadership training, research on entrepreneurial students tendencies, The importance of learning foreign languages- an overview of the stages and processes involved in creativity of potential entrepreneurs. These papers also cover the ways of processing in the brain as: automatic creation, automatic writing, sudden insight, and the impact of an education experiences on the development of the creative potential. Some tools and methods useful for the identification and the facilitation of the creative potential are also described. Shared is also the creative outcome with others often unleashes new creative processes in other individuals, making creativity “contagious”.

The Emergence of Entrepreneurship Education: development, trends, and challenges have been demonstrated in the research papers in this book.

As forces of change in Higher Education range from technology and globalization to shifting student and employer expectations. The impact of any one of these drivers is significant and in total is transformative. Experts predict this “perfect storm” requires transformation in higher education practices to make a quality postsecondary education affordable, relevant, accessible and desirable.

Employers place a new-entrant skills requirements which include professionalism/work ethic, oral and written communications, teamwork/ collaboration and critical thinking/problem solving. Employers report often that graduates of four-year colleges are deficient in these skills. Online courses/programs are growing in number and some universities are making their course content not only available online, but free to everyone. Use of technology to simulate everything from operation of a jet engine to the working of the human heart has allowed students anywhere in the world, to interact with professors and one another both asynchronously and in real-time, rather than requiring physical attendance in a laboratory. According to these needs the issues of Employment and employee motivation as well as Legal Aspects of Employee have been researched too, and published in the Book.

The higher education sector is undergoing a fundamental transformation in terms of its role in society, mode of operation, and economic structure and value. To explore these themes and future directions, the Faculty for BA & Entrepreneurship through its Forth Scientific Conference in 2015 contributes to better understanding of the main forces impacting the higher education industry globally and locally, and the opportunities, challenges and implications for universities.

*Radmila Grozdanic & Dragica Jovancevic*

*Members of Scientific Board*

***I PART***  
***CREATIVITY IN EDUCATION: NEW EDUCATION***  
***PROGRAMS***



## **HOW DOES THE USE OF EXISTING KNOWLEDGE AFFECT KNOWLEDGE ABSORPTION**

*Nikola Radovanovic PhD<sup>1</sup>*

### **ABSTRACT**

*Being highly dependent on the inflow of relevant knowledge and information, organizations which compete in dynamic environments undertake continuous strategic changes in order to enhance their potential for absorbing and efficiently applying knowledge for commercial ends. This orientation became crucial in designing corporate strategies for creating or maintaining competitive advantage of organizations. Organizations tend to develop absorptive capacity, which represents the ability to identify, assimilate, transform and apply knowledge. The absorptive capacity concept has been developed and elaborated in many studies in the last three decades. Studies in this area suggest that prior-related knowledge is the most influential determinant of the absorptive capacity, which also highlights the importance of the scope of using stocks of prior-related knowledge in the view of knowledge base of organizations. Research was carried out in order to determine the effect of the indicators of the exploitation of knowledge base to absorptive capacity level in organizations from technology and knowledge intensive industries. The methodology included quantitative and qualitative research method based on a questionnaire. The data collected were analyzed with the absorptive capacity evaluation model and by using analysis of variance as a statistical test. The findings suggest that the scope of the knowledge base exploitation moderately affects absorptive capacity level of organizations from technology and knowledge intensive industries, whereas 40% of knowledge base exploitation indicators significantly determine the absorptive capacity level of these organizations.*

**Key words:** *Knowledge, Absorptive Capacity, Technology, Innovation*

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<sup>1</sup>Nikola Radovanovic, Intellectual Property Office of the Republic of Serbia, Belgrade, Serbia, nradovanovic@zis.gov.rs

## ***INTRODUCTION***

Possibilities for absorbing knowledge became a major competitiveness factor in modern economies. Organizations which tend to develop their businesses for market competition cannot rely solely on their experiences and knowledge. These organizations were proven to be highly vulnerable in regard to long-term survival on the market. Modern era of doing business and dynamic development of the global market have introduced the environment where existing knowledge have higher devaluation rate than it had in any period in the history.

This is particularly important for knowledge-based economies, which are characterized by high dependence of knowledge adoption and application in the purpose of improving competitiveness. In these economies, vast quantities of relevant knowledge are located outside of boundaries of organizations. In order to improve business solutions and products, create new market opportunities, strengthen their knowledge base and predict future market behavior, organizations strive towards continuous knowledge accumulation. These terms increase the importance of the absorptive capacity concept, which relates to acquiring, assimilation, transformation and application of knowledge. Absorptive capacity reflects the potential of an organization to identify and absorb knowledge which resides both outside and within its boundaries and to use it for commercial ends. The efficiency of knowledge flow from acquiring to the application of knowledge depends from absorptive capacity components, which are prior or existing knowledge, communication climate and network and knowledge scanning mechanism of organizations. Many studies suggest that the prior or existing knowledge is the most influential component of the absorptive capacity, as it includes the knowledge base for understanding the relevance of newly identified knowledge. Having in mind the importance of existing knowledge in organizations to their absorptive capacity level, the research was conducted on the exploitation of the knowledge base in organizations and its effect to the absorptive capacity level of organizations.

Absorptive capacity is crucially important to organizations which come from technology and knowledge intensive industries, where rapid changes in technology force firms to react to shortened technology cycles, absorb critical knowledge and forecast technological advancement accurately. These organizations differ from organizations from other sectors as they continually pursue new knowledge for their development.

According to Peltoniemi (2007), knowledge intensive industries are different from other industry sectors because they continually search for the new knowledge. The exchange of information and knowledge in knowledge intensive industries can have an enormous effect to the evolution of these industries. Razmena informacija i znanja u znanjem intenzivnim sektorima može imati ogroman uticaj na evoluciju industrija. In the industry sectors where analytical knowledge base prevails, more systematic basic and applied research is taking part, in comparison to sectors where traditional industry is dominant (Tödtling, Lehner, Tripl, 2004). Tödtling, Lehner and Tripl also stated that the rate of radical innovative products and processes is very high in technology and knowledge intensive industries, where research and development efforts are strongly focused on the generation of radical innovations. Such environments have bigger potential for reforming of organizations within their efforts of reaching

operational excellence (Scott, 1981; Morgan, 2007). Knowledge absorption in technology and knowledge intensive industries is of critical importance to the exploitation of the innovative potential which these organizations may possess. The importance of knowledge absorption for the sectors characterized of intensive use of technology and knowledge is also related to the necessity of monitoring technology trends in technology and knowledge intensive sectors, having in mind that the organizations from technology and knowledge intensive sectors are more dependent on technological changes from organizations from other industrial sectors. This view is supported by a large portion of radical innovations in various technological areas (e.g. replacement of electromechanical with electronic devices), where the terms of market competitiveness have drastically changed subsequently (Cohen, Levinthal, 1994).

On the basis of the abovementioned, organizations from technology and knowledge intensive groups have been selected as a target group for this research, according to the 2005 Classification of the Organization for Economic Cooperation and Development (OECD). This topic is of relevant interest to the Republic of Serbia, which is strategically oriented towards building up of competitive knowledge-based economy (according to the National strategy of sustainable development of the Republic of Serbia 2008-2017). It should be also noted that so far no specific research with the purpose of analyzing key determinants of the absorptive capacity in the organizations in the Republic of Serbia has been undertaken. According to the OECD, technology and knowledge intensive industries comprise leading manufacturers of high-technology goods, intensive users of high technologies and organizations with relatively high educated workforce which is considered essential for the full exploitation of technological innovations (OECD, 2001).

## ***LITERATURE REVIEW***

The absorptive capacity concept is formulated in the area of macroeconomics and represents the ability of an economy to absorb and exploit external information and resources (Adler, 1965). Cohen and Levinthal (1989) adjusted this concept and defined the absorptive capacity as the ability of an individual or an organization to identify, assimilate and use knowledge, emphasizing the effect of the absorptive capacity to the organizational innovation capability. Absorptive capacity is a dynamic capability which creates new firm resources by searching, acquiring, assimilating, transforming and exploiting external knowledge with internal resources and act as a process framework for innovation (Patterson & Ambrosini, 2015). The existence of this dynamic phenomenon which affects organizational knowledge base represents an important prerequisite for successful knowledge management, since it renews and enlarges such knowledge base with the inflow of new knowledge. Absorptive capacity can influence organizational potential to react to new market opportunities, adjust to new environment and use information in market competition, and it can contribute to strengthening of knowledge base and predicting future market developments (Cohen, Levinthal, 1990; Teece, Pisano, Shuen, 1997; Van den Bosch, Volberda, de Boer, 1999; Zahra, George, 2002; Tu, Vonderembse, Ragu-Nathan, Sharkey, 2006; Fosfuri, Tribo, 2006; Camison, Fores, 2010).



Many theoreticians in this area suggest that the main components of absorptive capacity in organizations are prior related knowledge, communications network, communication climates and knowledge scanning mechanism (Cohen, Levinthal, 1990; Brown, 1997; Zahra, George, 2002; Tu et al., 2006). According to these authors, these elements are related to the organizational potential to facilitate efficient inflow, communication and use of knowledge, and, as such, constitute absorptive capacity of organizations. Brown (1997) defined communications network as the scope and strength of structural connections that brings flows of information and knowledge to different organizational units, while communications climate represents the atmosphere within the organization that defines accepted communication behavior, which may facilitate or hinder the communication processes. The same author suggested that prior-related or relevant knowledge comprises understanding of job skills, products, technologies, markets and other business relevant factors, possessed by the workers and managers in the organization. Cohen and Levinthal (1990, 1994) pointed out that the organizations with the appropriate base of prior relevant knowledge have the capability to exploit knowledge from external sources in a more efficient way, and to proactively forecast the nature of the future technological development, improving therefore their absorptive capacity. Finally, absorptive capacity also depends of the organizational capability to capture relevant knowledge and technology, or of its knowledge scanning mechanism (Tu et al., 2006). Knowledge scanning mechanism includes numerous activities, such as market monitoring, benchmarking, research and development, technological assessments and other.

Although all ACAP components affect absorptive capacity of organizations, their importance to the overall absorptive capacity is not equal. In their study, Cohen and Levinthal (1989) stated that absorptive capacity depends greatly on prior related knowledge and diversity of background, having in mind that the process of learning greatly relies on the established learning routine. This also means that the new knowledge will be absorbed more easily if it relates to the knowledge which the organization already obtained by learning (Cohen, Levinthal, 1989). Firms' innovative capabilities depend very closely on the intellectual assets and knowledge that they possess (Subramaniam, Youndt, 2005). However, the importance of prior-related knowledge is affected by the ability to retrieve and use such knowledge. Modern organizations, therefore, employ various IT systems serving as knowledge bases or as knowledge management tools. Intranet systems are often used as knowledge bases, as they can store various information, data, reports, audio and video simulations, which can be made available to different groups of employees in an organization. Considering the role of intranet as a knowledge management tool, very important factor is the volume of use of the material stored on the intranet, as its specific purpose is to store what the organization has learned and to make it available for retrieving when it can be useful. The effect of the existence of knowledge on internal IT network to the achievement of organizational goals is largely influenced by the possibility to retrieve and share such knowledge (Wellman, 2009). Wellman (2009) suggests that the existence of knowledge base itself does not affect the learning efforts in the efficient way and that the proper methods of utilization and monitoring of utilization of such knowledge base is needed. Monitoring of use of knowledge base is also underlined in the study by Patterson and Ambrosini (2015), who suggest that the use of the acquired knowledge and its assimilation is an important construct which requires to be actively

managed. Efficient utilization of existing knowledge base for innovativeness may be supported with different incentive systems. In relation to this, Kim and Lee (2010) propose that the level of performance-based reward system is positively related with employee knowledge acquisition and application capability.

## ***METHODOLOGY***

For the purpose of the research, the absorptive capacity evaluation model was applied, where available relevant knowledge, knowledge base exploitation, potential for external knowledge inflow and knowledge dissemination capacity and innovation capability were used as variables. The available relevant knowledge variable has been constructed based on the characteristic of the prior-related knowledge component. Therefore, the questions related to this variable were designed for the purpose of getting information on the existence of elements of the proposed intranet content on intranets of the interviewed organizations. Intranet systems were used as internal IT knowledge networks of organizations, in the role of the knowledge base, based on the recommendations by Yakhlef (2002), Wellman (2009), Kumar and Ganesh (2009), Senapathi (2011) and Radovanovic (2012). The communication climate and communication network components were integrated into the knowledge dissemination capacity variable, based on their mutual influence on the dissemination of knowledge within the organization. Also, the knowledge scanning mechanism was represented by the potential for external knowledge inflow variable. Finally, for the purpose of the model applicability and for the research goal, variables knowledge base exploitation and innovation capability were used. The knowledge base exploitation variable was used to evaluate the use of the available, or existing, relevant knowledge base. In regard to this, knowledge base exploitation variable included indicators which are considered suitable for measuring the volume and scope of use of intranet platforms in organizations acting as knowledge bases. According to Wellman (2009), an organization needs to deploy a set of metrics to assess the performance of intranet system as a knowledge base. These metrics should address utilization of the knowledge material on the intranet and availability of the system to employees of the organization. Accordingly, questions were designed based on the findings by Wellman (2009) and the received data included the percentage of employees with the intranet access, the percentage of the employees who had the possibility to enter or seek information on the intranet, the average number of intranet visits per intranet users and the percentage of employees who actually visited intranet system.

The questionnaire was constructed aiming at getting all necessary data for the given metrics. Indicators for the knowledge base exploitation were: 1) the percentage of employees with the access to intranet; 2) the percentage of employees who visited intranet; 3) the number of average intranet visits per intranet user; 4) the percentage of employees which have the possibility to enter/modify data and information on the intranet; and 5) the percentage of employees with the access to intranet which have the possibility to enter/modify data and information on the intranet. Regarding the indicators 2 and 3, it has been required that the interviewed organizations insert data for the last two consecutive years, in order to get more precise insight into these

indicators. The research has been conducted in March 2013 and the questionnaire was sent to 256 identified organizations from technology and knowledge intensive industries. The technology and knowledge intensive industries were classified and analyzed according to the 2005 OECD classification and comprised four (basic) groups: 1) high-tech industries, 2) knowledge and innovation based services, 3) research firms, and 4) traditional medium-tech manufacturing (OECD, 2005). Questionnaires were sent via direct post or by electronic mail, while the organizations responded to questionnaires only through the e-mail communication. The respondent rate was just above 20%, as 53 organizations provided data based on the questionnaire.

After receiving the responses from the interviewed organizations, the first step was to determine the level of absorptive capacity of all interviewed organizations, based on the proposed model. Organizations received a score for each of the five variables based on the data which they provided. The score for the available relevant knowledge variable was calculated based on the existence of elements of the proposed intranet content on the organization's intranet. The score range was from 0 to 1. Such calculation system was applied to all other variables. The value in percentages at indicators was also adjusted in order to be presented in the 0-1 score range. In the second step, the average score was calculated based on the sum of scores of all five variables, and this was interpreted as the overall score for absorptive capacity. Based on this score, the organizations were classified into groups with low (included scores from 0-0.25 points), medium low (0.26-0.50), medium high (0.51-0.75) and high absorptive capacity level (0.76-1).

In the final step, the comparison of the indicators of the knowledge base exploitation with the overall level of absorptive capacity of organizations has been carried out, in order to determine which of these variables significantly affect the absorptive capacity. The comparison of indicators with the absorptive capacity level was performed with the statistical test by using analysis of variance (ANOVA). Such test was carried out having in mind that the analysis of variance (ANOVA) is normally used to determine whether there are any significant differences between the means of independent groups.

## ***RESULTS***

The statistical test was applied to all five indicators of the knowledge base exploitation. In the ANOVA test, a significance level of 0.05 indicates a 5% risk of concluding that a difference exists when there is no actual difference. Since this value is usually set at 0.05, any value less than this will result in significant effects, while any value greater than this value will result in nonsignificant effects. If the effects are found to be significant, it implies that the means differ across groups of absorptive capacity level. In terms of this analysis, it would mean that the knowledge base exploitation indicators are not equally affecting the absorptive capacity level. If the effects are found to be nonsignificant, then the differences between the means are not great enough to allow the researcher to say that they are different. (Stockburger, 1996)

Below are the tables that show the output of the ANOVA analysis and whether there is a statistically significant difference between the group means.

*Table 1: ANOVA – average intranet visits per intranet users in 2011 and 2012*

		Sum of Squares	df	Mean Square	F	Sig.
What is the average number of intranet visits per intranet users in 2011?	Between Groups	4549856.723	3	1516618.908	5.743	.002
	Within Groups	12675500.160	48	264072.920		
	Total	17225356.884	51			
What is the average number of intranet visits per intranet users in 2012?	Between Groups	5028474.959	3	1676158.320	6.233	.001
	Within Groups	12907805.323	48	268912.611		
	Total	17936280.282	51			

*Source: author*

We can see that the significance levels (represented in the tables as the “.sig” indicator) are 0.002 ( $p = .002$ ) and 0.001 ( $p = .001$ ) for the indicator - average intranet visits per intranet users in 2011 and 2012, as given in the Table no. 1, which are both below 0.05. Therefore, there is a statistically significant difference in the means of average intranet visits per intranet users in 2011 and 2012 between the organizations belonging to different absorptive capacity groups.

*Table 2: ANOVA - % of employees who visited the intranet in 2011 and 2012*

		Sum of Squares	df	Mean Square	F	Sig.
How many employees (in %) have visited the intranet in 2011?	Between Groups	9100.938	3	3033.646	3.836	.015
	Within Groups	37959.415	48	790.821		
	Total	47060.353	51			
How many employees (in %) have visited the intranet in 2012?	Between Groups	8982.779	3	2994.260	3.662	.019
	Within Groups	39244.528	48	817.594		
	Total	48227.307	51			

*Source: author*

The table no. 2 shows that the significance levels are 0.015 ( $p = .015$ ) and 0.019 ( $p = .019$ ) for the indicator - percentage of employees who visited the intranet in 2011 and 2012, which are below 0.05. Therefore, a statistically significant difference is also found in the means of percentage of employees who visited the intranet in 2011 and 2012 between the organizations belonging to different absorptive capacity groups.

*Table 3: ANOVA - % of employees with access to the intranet*

		Sum of Squares	df	Mean Square	F	Sig.
How many employees (in %) have access to the intranet?	Between Groups	5373.235	3	1791.078	2.324	.087
	Within Groups	36996.208	48	770.754		
	Total	42369.442	51			

*Source: author**Table 4: ANOVA - % of employees with the possibility to enter/modify data on the intranet*

		Sum of Squares	df	Mean Square	F	Sig.
How many employees (in %) have the possibility to enter/modify data on the intranet?	Between Groups	7526.450	3	2508.817	1.912	.140
	Within Groups	62984.153	48	1312.170		
	Total	70510.603	51			

*Source: author**Table 5: ANOVA - % of employees with access to the intranet who have the possibility to enter/modify data on the intranet*

		Sum of Squares	df	Mean Square	F	Sig.
How many employees (in %) with access to the intranet have the possibility to enter/modify data on the intranet?	Between Groups	483.962	3	161.321	.090	.965
	Within Groups	85674.015	48	1784.875		
	Total	86157.978	51			

*Source: author*

The tables no. 3, 4 and 5 show that the significance levels are well above the 0.05. threshold for the means of the following indicators: percentage of employees with access to the intranet; percentage of employees with the possibility to enter/modify data on the intranet; and percentage of employees with access to the intranet who have the possibility to enter/modify data on the intranet.

The results of the statistical analysis can be interpreted in the way that there is a significant dependence of determining absorptive capacity level based on only two indicators of knowledge base exploitation. These are: the number of average intranet visits per intranet user and the percentage of employees who visited intranet.

There is a clear positive correlation between the number of average intranet visits per intranet user and the absorptive capacity level. The results show clear difference of this indicator among organizations from different absorptive capacity groups. The dependence (although not that high, as with the number of average intranet visits per intranet user) was also shown at the relationship between the percentage of employees who visited the intranet and the absorptive capacity level. These results are presented in the tables 1 and 2. The results suggest that these two indicators determine absorptive capacity of an organization.

On the other hand, the percentage of employees with the access to intranet showed no significant impact on the absorptive capacity level. No significant difference under this variable within all four groups of absorptive capacity level has been recorded, which brings to the conclusion that the scope of employees with the access to intranet does not determine absorptive capacity of an organization. The same result has been shown at the following indicators: the percentage of employees which have the possibility to enter/modify data and information on the intranet, and the percentage of employees with the access to intranet which have the possibility to enter/modify data and information on the intranet. The results from the tests regarding these indicators are given in the tables 3-5. These indicators also do not determine absorptive capacity of an organization.

## ***CONCLUSION***

Although knowledge base exploitation is an important factor to the organizational absorptive capacity, it has been shown that the indicators which demonstrate knowledge base exploitation do not equally share this importance.

Significant influence has been found at the indicator percentage of employees who visited intranet of and at the indicator average number of intranet visits per intranet user. It can, therefore, be concluded that the increase of the average number of employees who visited the intranet can produce an increase of the absorptive capacity level of organizations. The same conclusion can be applied to the average number of intranet visits per intranet user indicator. The frequency of the use of intranet content by employees improves their knowledge and skills, eases their retrieval of relevant information and knowledge and enhances the efficiency in the application of knowledge, therefore improving the absorptive capacity of the organization. No significant impact on the absorptive capacity has been found at the percentage of employees with the access to intranet and the absorptive capacity level, the percentage of employees which have the possibility to enter/modify data and information on the intranet, and the percentage of employees with the access to intranet which have the possibility to enter/modify data and information on the intranet.

The results of this research suggest that knowledge base exploitation, as presented in the model, only moderately determines the absorptive capacity of organizations, as

they indicate that only 40% indicators of the knowledge base exploitation variable significantly determine the absorptive capacity level in organizations from knowledge-intensive industries. It can, therefore, be stated that the organization which wishes to increase its absorptive capacity should invest into creating an atmosphere where searching the intranet or other internal knowledge base by employees is highly favoured and rewarding.

The results of this research contribute to better understanding of the absorptive capacity framework, which is characterized by strong dependence of new knowledge for further development of organizations. The findings from this research may be used by organizations from technology and knowledge intensive industries, which are in constant quest for new knowledge and whose focus is more directed to the knowledge exploration, rather than the knowledge exploitation efforts. Practical contribution may be reflected in the possibility to provide theoretical support to the development of the knowledge management system in purpose of measuring organizational performance with better accuracy. The analysis of the relationship between the knowledge base exploitation indicators and the absorptive capacity level may be of crucial value to management in making decisions on the promotion of organizational learning and innovation efforts.

This study has limitations, having in mind that only organizations from technology and knowledge intensive industries have been included in the research. Therefore, future research may be directed to organizations from other sectors which may also prove to be highly dependent of the inflow and use of relevant knowledge for their further development.

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# ***ERRORS AND ISSUES IN CONSTRUCTION OF A QUESTIONNAIRE FOR STATISTICAL RESEARCHES***

*Svetlana Tasic PhD<sup>2</sup>*

## **ABSTRACT**

*The construction of high-quality questionnaire represents the important segment of modern statistical and business researches. The issues in questionnaire construction are very complex and they are in the focus of all statistical and research methodologies. Adequate treatment of most important variables of questionnaire such as the length of questions, difficulties in understanding words from questions, open-vs. closed question formats, question order in questionnaires, odd or even number of response categories, the length and complexity of questions, selection of measurement scales, the construction of sensitive questions and others, significantly influence validity and reliability of survey results. Using various methods for measurement and evaluation of questions from questionnaire leads to minimization of questionnaire errors which has a significant effect on reduction of bias of final research findings which results in increasing the level of validity and accuracy. Models for understanding the questions within a more general framework of information processing, different techniques for identification and reduction of bias caused by questionnaire errors, models for measurement of errors in methodology of questionnaire, meta-analysis for conduction of model for measurement of response effects from researches, procedures for post-interview evaluation, technique of randomized response for treatment of sensitive questions, and other models are developed in order to minimize measurement errors and to improve quality and reliability of research findings.*

**Key words:** *Questionnaire, Errors, Measurement, research, Questions, Responses*

**JEL Classification:** *C4*

**UDC:** *311.213*

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<sup>2</sup>Svetlana Tasic, Faculty of Business Economics and Entrepreneurship, Belgrade, Serbia,  
[cecatasic1@gmail.com](mailto:cecatasic1@gmail.com)

## ***INTRODUCTION***

The basic question for transforming good research plan into successful research is are we actually measuring what we want to measure? (Mazzocchi, 2008, pp.58). The quality of the sampling influences representativeness, the quality of collected data is influenced by the method of data collection and the quality of the questionnaire has very significant effect on the validity of the whole research and its findings, since errors caused by questionnaire can be one of the most dangerous sources of non-sampling errors.

First of all, there can be a mismatch between information that researcher believes that he collected and the information that is actually provided by the respondent. Furthermore, bad questionnaires can cause uncooperativeness of respondents which increases the proportion of non-responses. Questions that are not formulated correctly increase response errors. The way the questions are formulated affects reliability of research and can be a significant source of bias.

The various methods for measuring and evaluation of validity of questionnaire have been developed and they are aimed at reducing questionnaire measurement errors which leads to increasing the quality of research results and findings. Those methods are focused on analysis of most important questionnaire variables such as question length, the difficulty of the words used, open versus closed questions, the position of the question in the questionnaire and many others.

The construction of high-quality questionnaire is a complex and delicate procedure which requires solving different issues and problems that can significantly influence the validity and reliability of the research. Therefore it is needed to provide the adequate use of different methods and models for evaluation and measurement of the effects and quality of questionnaire.

## ***THE METHODS FOR EVALUATION THE QUESTIONNAIRE VARIABLES***

Sudman and Bradburn constructed a model for evaluation the response effects from surveys (Sudman, Bradburn, 1984). This model was based on meta-analysis that was conducted on 900 studies from literature. Model investigates causes of response effects, but at the same time it analyses the most important questionnaire variables such as length and difficulties of questions, open versus closed questions, the order of questions in questionnaire and others.

It is known that in every language there are words with several different meanings which causes different interpretation of those words by respondents. If the questions in questionnaire are ambiguous respondents interpret them in their own way and based on that, they produce answers. They usually don't ask for the correct interpretation of questions that are not clear enough.

Bradburn and Miles conducted a study in which they asked respondents in a mail interview to define the meaning of words "very often", "pretty often" and "not too often"

in terms of number of days per month (Bradburn, Miles, 1979, pp.92-101). These words were used as response categories for question "How often do you buy two different brands (here, they will be marked as A and B) of the same product?". The results are given in table 1. It is obvious that standard deviations are as large as the means which leads to the fact that there is great variability in the ways these words were interpreted.

*Table 1: Means and standard deviations of responses to question "How often do you buy 2 different brands (A and B) of the same product?"*

Response categories	Brand A	Brand B
Means		
"very often"	6.65 (327)	4.15 (552)
"pretty often"	12.95 (495)	13.72 (127)
"not too often"	17.73 (247)	17.39 (99)
Standard deviations		
"very often"	8.57	5.71
"pretty often"	12.11	10.64
"not too often"	15.00	13.09

*Source: Bradburn, Miles, 1979, pp.92-101*

It is known that respondents usually don't try to explore their memory completely. In most of the cases, they use their memory only to the extent that is needed to produce some evaluation as a response to the question. This usually means that they produce answer that is already in their memory without any further effort to give some new answer. That is why it is often needed to create questions in a way that they will stimulate respondents to search their memory more intensively which will lead to higher quality of responses. Sudman and Bradburn emphasise that there will be more positive answers to the question about drug or alcohol use if respondents are offered longer questions with associations (Sudman, Bradburn, 1984, pp. 67)

Some words have intensive emotional content that can significantly influence the response. It is known, for example, that in various surveys in USA a word "communist" had a very strong negative context which was the reason for a much greater number of positive answers in surveys about supporting a struggle against communists comparing to the similar surveys that didn't contain this word (Roscho, 1978, pp.553).

Short questions that are formulated with simple words without complicated words or phrases are very easily understood by respondents. At the same time, it is also true that short simple questions are often criticised and disputed since they simplify too much some complex issues in questionnaires and they make respondents to decrease the level of subtleties of their thoughts and to produce responses that are too simple and short. So, there is an opposition between tendency towards simplification and shortness of questions on one side and need for making respondents to think and to produce meaningful and miscellaneous responses on other side which is often very important for the quality of the whole analysis. As it was already mentioned, longer and more complex questions helped in obtaining more accurate and reliable answers to sensitive questions about drug or alcohol use etc. It will also be shown that there are some other methods for treatment of sensitive questions.

Sometimes there are some concepts in questions that have a specific meaning for researcher but at the same time they have totally different meaning for respondents. This fact causes the need for creating a questionnaire in more adequate way. There are several techniques that can be used for analysing the way in which people think about different issues that are explored in questionnaire. The usage of this techniques helps in creating questions that will be formulated in such a way in which respondents think. Also these techniques allow testing of questions in the sense that words that are used are understandable to respondents in a way that it is tended to be.

Apart from questions, attention also should be paid to offered response categories because they influence not only the way in which respondents produce answers but also they influence following questions. Questions can include different dimensions; response categories show dimension that researcher is interested in. Although it is true that all respondents don't understand equally meaning of response categories, the fact is that there is lower level of misunderstanding with closed questions comparing to open questions assuming that response categories are carefully formulated and checked.

The selection of measurement scale can also be a significant source of error. The most of researchers think that optimum number of points on a measurement scale should be between 5 and 11 (Sudman, Bradburn, 1984, pp.141). Some researchers use scales with even number of points in order to force respondents to produce answers. But, at the same time, there are studies that show that distributions of positive and negative answers are similar in scales with even and odd number of points and that middle answers provide information about respondents that are really undecided. Most of researchers have opinion that scales with 7 points are the best considering reliability, percentage of undecided respondents and ability of respondents to make difference between points on scale (Sudman, Bradburn, 1984, pp.142). It is usually recommended that optimum number of points on scale is 7 plus or minus 2 (Schuman, Presser, 1981, pp.45) S. Furthermore, scales that contain explanations for each of the points are more reliable than scales with explanations only for extreme points.

Questions in questionnaires are not asked isolated but they are grouped together. Sometimes questionnaire contains questions that are more or less about the same subject. In other situations, questionnaires include questions that are connected to different topics, so-called omnibus questionnaires. As it was already pointed out, the way in which the question is interpreted is often influenced by the context in which that question is formulated. Other questions that can be asked provide one or more usable contexts for interpretation of question meanings. That is why it is very important to analyze effects of question order since it is one of the most active fields of methodological researches.

One of the most important results in analyzing effects of question order is that if one general and several specific questions connected to the same subject are asked, the general question will be influenced by question order while specific questions will not be affected by order of questions. Although there are many concerns about the importance of effect of change of question order. It is undeniable that if this effect exists, it exists at the level of interpretation; in other words the interpretation of general questions under some circumstances can be changed by questions that precede.

Most of studies that analyze the effect, i.e. the context in which questions are formulated, refer to the questionnaires conducted by interviewers and respondents don't know which question is next (Schuman, Presser, 1981, pp.84). In questionnaires that are conducted by mail, respondents can see all questions before they start to answer. This fact influences the effect of context in which questions are constructed.

Producing responses to questions about some specific subject can make respondents to be more involved in answering the questions that follow. The problem with this is the existence of different direction. Sometimes the responses to the following questions are with the same direction as responses to questions that precede. On the other hand, in some situations responses to questions that follow are in the opposite direction with responses to questions that precede.

The effect of question order can also be influenced by subjective evaluation of logical consistency in answers to related questions.

It is well known that during the interview respondent's trust toward interviewer increases. That is why researchers put sensitive questions close to the end of questionnaire when it is expected higher level of trust between respondent and interviewer. On the other hand, if interview is long and tiring, both respondents and interviewers can cause the reduction of willingness to produce complete responses to questions.

Very interesting issue in construction of questionnaire is choice between open and closed questions. On one hand, offered answers reduce freedom in producing own opinion; on the other hand, there is much greater response rate with closed than with open questions. Attitudes and opinions that are not offered within closed questions will probably not be mentioned at all in the interview even if there is an option "other" since this category of answer is rarely used by respondents (Schwarz, Hippler, 2004, pp.43). Offered answers have advantage because of the fact that they can remind respondents about some opinion that they would not consider otherwise. In a survey in which respondents were asked about desired characteristics of a job, "security of job" was mentioned 13% more often in closed questions than in open type of question (Schuman, Presser, 1981, pp.75). It is thought that closed questions are more adequate for interviews in which the goal is to collect answers to different topics and to get their complete evaluation. Disadvantage of closed questions is in the fact that they usually don't include all possible options of responses and respondent is not able to choose any of offered answers. This can cause higher level of non-response rate. This is all usually due to the fact that those who create questionnaire are not experts for the particular field to which question belongs. This problem can successfully be solved by consulting experts from different fields which is rarely done in practice. On the other hand, open questions are more adequate for situations in which researcher wants to analyze one or smaller number of topics in more detailed way. Respondents don't answer spontaneously enough in surveys with open questions. Also with this type of questions, respondents can be uncertain if information that comes to mind does or does not belong to the domain of information the researcher is interested in. This problem doesn't exist with closed questions which results in higher response rate. The higher non-response rate with open questions especially exists with respondents with lower level of education (Schuman, Presser, 1981, pp.76). Data collected by open questions are qualitative and after they are collected, they become the subject of different qualitative or quantitative analysis.

Questions often contain middle alternative that is between two extreme categories of answers. This practice is often the topic of various discussions. If a middle answer is offered as an option there will be a higher proportion of respondents that will choose this option comparing to the questions that don't include middle alternative. Also middle alternatives usually decrease the rate of "I don't know" responses. There are different opinions about whether middle alternative influences significantly the material conclusions of researches or not (Schuman, Presser, 1981, pp.47).

### ***TECHNIQUE OF RANDOMIZED RESPONSE***

One of the common problems in questionnaires is bias that is caused by sensitive questions. This problem is especially important because respondent is asked a question that is, by his opinion, too personal or it is not socially desirable which can cause respondent's withdrawal from the interview or producing answers that are not true.

Researchers face two problems when asking sensitive questions. The first is that respondents refuse to answer. The other problem is that respondents will produce answers that are not true in order to hide behavior that is not socially accepted. In one research the first problem was tried to be solved in this way: respondents were sent a preliminary letter in which they were asked if they want to participate in the survey that contains sensitive questions (Greenberg et al., 1969, pp.525) . The questionnaire was sent only to respondents who said that they want to participate. The response rate among them was 76%. The second problem couldn't be avoided. Although it was emphasized that all responses will be strictly confidential, respondents didn't really believe that. This method was developed in order to find adequate technique for treating sensitive questions and it was called technique of randomized response (Warner, 1965, pp.63-69). The technique of randomized response was initially created by Warner (Warner, 1965, pp.63-69) and it was later developed by Greenberg (Greenberg et al., 1969, 520- 539). Warner proposed this technique as a survey technique that aims at reducing the bias due to non-response and social desirability (Warner, 1965, pp.63-69). The method asks respondents to use a randomization device, such as a coin flip, whose outcome is unobserved by the interviewer. Depending on the particular design, the randomization device determines which question the respondent answers (Warner, 1965, pp.63-69). The randomized response method conceals individual responses and protects respondent privacy.

Technique of randomized response guarantee anonymity to the respondent and that anonymity is totally controlled by the respondent. This technique allows that "yes" is either answer to sensitive question or answer to alternative simple question that is not sensitive at all. Every respondent first conducts simple randomized process such as tossing a coin. Depending on the outcome, respondent either answers sensitive question or simple question (Warner, 1965, pp.63-69) . Randomized process is conducted by the respondent in private and it is not revealed to the researcher. Therefore there is no way for the researcher to know what alternative produced answer "yes". Even if answers can be connected to particular persons their individual responses remain confidential.

Technique of randomized response is created in order to increase the response rate and to eliminate answers to sensitive questions that are not true. It is assumed that if respondents are convinced that their answers cannot be assigned to them they will be willing to produce responses and those responses will be true. Technique of randomized response is a practical tool for protection of privacy of individual answers. This technique is based on offering two opposite questions to each of the respondents, one of those is answered depending on the outcome of randomized plan. Greenberg showed that usage of simple question that is not sensitive instead of question that is opposite to sensitive one will increase the quality of technique of randomized response (Greenberg et al., 1969, pp. 530 ).For example, respondent randomly selects one of these two questions: (a) Have you ever avoided paying taxes by hiding your real income? And (b) Is tenth figure in your personal identification number odd? The unrelated simple question is question whose probability of answering "yes" is known in advance.

Fidler and Kleinknecht created a possible application of technique of randomized response with a certain variation (Fidler, Kleinknecht, 1977, pp.145-154) Based on the outcome of randomized process, the respondents were given an instruction to answer "yes" or to answer with "yes" or "no" to the sensitive question. For example, a probability that respondent will be asked a sensitive question is 0.7, a probability that respondent is given an instruction to produce response "yes" is 0.3. It is believed that this 30% probability to "disguise" responses "yes" is great enough to motivate respondents to give true responses to sensitive questions. How big this probability should be is a question for discussion. Greenberg thinks that this probability should be  $0.2 \pm 0.1$  or  $0.8 \pm 0.1$  and it should be as small or great as it is possible that respondents would accept it (Greenberg et al., 2001, pp.522).

Although the technique of randomized answer decreases the non-response rate and the proportion of responses that are not true, at the same time there is greater sampling error than with ordinary sampling plans. In order to show this, it is assumed that size of sample is  $n=150$  and the true value of population proportion ( $\pi$ ) is 0.1. If corrective factor for finite population is disregarded, standard error of proportion in classic sampling is (Lanke, 2005, pp.82):

$$\sqrt{\frac{\pi \cdot (1-\pi)}{n}} = \sqrt{\frac{0.1 \cdot (1-0.1)}{150}} = 0.02449$$

Opposite to this, standard error of proportion in case of technique of randomized response, assuming that probability of answering sensitive question ( $p$ ) is 0.7, is given through this formula (Lanke, 2005, pp.81):

If  $\lambda$  is probability of obtaining answer "yes" and  $\lambda = p \cdot \pi + (1 - \pi)$ , which in this case produces:  $\lambda = 0.7 \cdot 0.1 + 0.3 = 0.37$ ; therefore, standard error of proportion in case of technique of randomized response is:

$$\sqrt{\frac{\lambda \cdot (1-\lambda)}{n \cdot p^2}} = \sqrt{\frac{0.37 \cdot (1-0.37)}{150 \cdot 0.7^2}} = 0.05632$$

Standard error is more than twice larger, so a bigger sample is needed. The greater standard error of proportion for technique of randomized answer is caused by the two sources of sampling error: variation in proportion of the sample of those that are directed to response "yes" (this may vary from sample to sample) and variation in proportion of the sample of those who give answer "yes" to sensitive question (this is typical problem of sampling error).

Buchman and Tracy conducted a research in order to do empirical analysis of application of technique of randomized response (Buchman, Tracy, 1982, pp.263-271). This research was based on a sample of 317 employees in various auditing companies. These 317 randomly selected respondents got conventional questionnaire in which they were asked if they ever signed auditing report without properly conducted auditing procedure. After that, another sample of 453 respondents was formed. These respondents were given questionnaire with the same question with application of technique of randomized response. This sample is larger since the anticipated number of instructed responses "yes" is needed. This questionnaire is actually the same as the first one. The only difference is that it contained the explanation of technique of randomized response. Randomized plan was a serial number on a dollar bill that respondent took from his wallet. If one and only one figure is used for all 7 questions, some respondents can be forced to answer "yes" to all questions. In order to avoid this, different figures were used for different questions. For some questions the last figures from serial number were used. For other questions a second or third figure to the last one were used. So, respondent could produce response to one or more sensitive questions from questionnaire. It is assumed that the last three figures of serial number of dollar bill are equally distributed, in other words probability is 0.1 for each of those figures. Table 2 shows the number of questionnaires that were sent by mail and the number of responded questionnaires that was received by each group. Table 3 shows results for every question (in order to simplify, the content of questions is not mentioned, it is illustrative enough to mention that they are all about signing false auditing reports). As it was already mentioned, the rate of false signed reports for sample with technique of randomized response in table 3 is calculated by subtraction expected number of instructed responses "yes" from the total number of "yes" responses and by calculating the percentage of "yes" responses in total number of responses that are left. Tests based on Poisson's,  $\chi^2$ , or Fischer's distribution are not adequate for making conclusions about differences in rates of false signing between 2 samples because sample statistics from the group with technique of randomized response is expected result; it is not the real percentage of respondents in sample who admitted that they signed false reports. Standard errors of proportion for each of the questions from the group with technique of randomized response are divided into differences in proportions between 2 groups for every question which produces the Z score. These Z scores were used for calculation of confidence intervals that are shown in table 3.



Table 2: Responses from each of the groups

	Group with conventional questionnaire	Group with questionnaire with technique of randomized response
The number of sent questionnaire	317	453
The number of questionnaires that were not sent or not delivered	317	453
The number of returned questionnaires	168	170
The number of respondents that are not auditors	12	14
The number of unusable questionnaires	2	3
The number of usable questionnaires	154	153
Rate of usable responses	$154/305=50\%$	$153/439=34.9\%$

Source: Buchman, Tracy, 1982., pp.263-271

Table 3: Responses from each of the groups

Question	Falsely signed reports		Level of confidence at which the percentage of group with technique of randomized response is greater than in conventional group
	Group with conventional questionnaire	Group with questionnaire with technique of randomized response	
1	4.6%	11.3%	88%
2	2.6%	7.6%	82%
3	2.6%	8.5%	86%
4	1.3%	3.8%	68%
5	0.0%	0.0%	Not applicable
6	2.6%	13.2%	97%
7	3.9%	2.9%	58%

Source: Buchman, Tracy, 1982., pp.263-271

Comparison of responses from the group with conventional questionnaire to the group with technique of randomized response shows tendency towards true responses ("true" responses refers to the greater number of "yes" responses) to sensitive questions using technique of randomized response. Therefore, it looks like that technique of randomized response offers a solution to problem that researchers face when they ask sensitive

questions—respondents do not produce true responses. But, at the same time, this research showed that technique of randomized response didn't increase the response rate. Moreover, there is even lower response rate in questionnaires with technique of randomized response than in conventional questionnaires. The researchers did all to guarantee anonymity to respondents. That is why they didn't ask for demographic data and questionnaires were not coded in any way. It turned out that this was not a good decision because if respondents really trust technique of randomized response, asking for demographic data and coding of questionnaires do not influence producing true answers or the number of responses. There are a few possible explanations for lower response rate in group with technique of randomized response. The first lies in the fact that this method was too complex for respondents. The other explanation refers to the fact that respondents thought that it was useless to end up only with one or two "real" questions (because of serial numbers at their dollar bills) after struggling with questionnaire with technique of randomized response. Those respondents who never signed a false report maybe thought that it is not correct to ask them to produce "yes" response to one or more questions (due to serial numbers at their dollar bills). This shows the possibility that respondents who signed false reports were more willing to fill and return questionnaires which can seriously limit possibility for generalization of results from sample. Also, it is arguable if a mail questionnaire is an adequate approach to technique of randomized response (Buchman, Tracy, 1982, pp.265). It might be possible that more reliable results would be produced through a face-to-face interview (Buchman and Tracy, 1982, pp.265). In that case respondent will be forced to produce a response. But, on the other hand this will increase costs of research.

There should be two improvements in application of technique of randomized response. The first refers to the fact that instructions for using randomized experiment should be as simple as possible. And, respondents must be more aware of the importance of instructed "yes" responses.

### ***THE APPLICATIONS OF TECHNIQUE OF RANDOMIZED RESPONSE IN SURVEYS***

Since it was created, a technique of randomized response was used in many different surveys that included various sensitive topics.

In 2010 a survey was conducted among public bureaucrats in Bolivia, Brazil and Chile (Gingerich, 2010). A survey included 2859 bureaucrats from 30 different institutions. Each respondent was provided a spinner and then instructed to whirl the spinner without letting the interviewers know the outcome. The respondents were given this instruction: For each of the following questions, please spin the arrow until it has made at least one full rotation. If the arrow lands on region A for a particular question, respond true or false in the space indicated only with respect to statement A. If the arrow lands on region B for that question, respond true or false in the space indicated only with respect to statement B. Please remember that if you respond false to a statement in its negative form that means that the positive form of the statement is true. If the spinner landed on region A the respondent answers the following question: "I have never used, not even once, the resources of my institution for the benefit of my political party". If the spinner landed on region B the

respondent answers its inverse: "I have used , at least once, the resources of my institution for the benefit of my political party".

Another example of technique of randomized response is in ecological study that examines whether members of marine clubs in Australia collected shells without permits from the protected Great Barrier Reef (Chaloupka, 1985). Other applications include whether respondents are in favour of capital punishment (Lensvelt-Mulders et al., 2005) and legalizing marijuana use (Himmelfarb, 2008).

In a study on a prevalence of civilian cooperation with militant groups in Nigeria, six-sided dice was used as a randomized device (Blair, 2014). The survey included 2450 civilians in villages affected by militant violence. The respondents were presented these instructions: "For this question I want you to answer yes or no. But I want you to consider the number of your dice throw. If 1 shows on dice tell me no. If 6 shows, tell me yes. But if any other number shows, tell me your own opinion about the question that I will ask you after you throw a dice. When you throw a dice I will not look which means that I will not know the outcome." A sensitive question that was asked if 2,3,4 or 5 shows on dice was: During the height of the conflict in 2007 and 2008, did you know any militants, like a family member, a friend, or someone you talked to on a regular basis?

The randomized response technique was used in a pregnancy study conducted in Taiwan based on 2497 married women (Cheng et al., 1972). This study was conducted in an effort to determine the incidence of abortion. Questions considering fertility livebirth and abortion history were treated by randomized response technique.

It is obvious that the technique of randomized response was used by researchers from various disciplines and fields. They include a study of xenophobia and anti-Semitism in Germany (Krumpal, 2012), fabrication in job applications (Donovan et al., 2003), employee theft (Whimbush, Dalton, 1997), social security fraud (Van der Heijden, van Gils, 1996), use of performance enhancing drugs (Stubbe et al., 2014) and many others.

## ***CONCLUSION***

It wouldn't be realistic to think that there is a method that can guarantee construction of a perfect questionnaire. It is only realistic to set a goal to find methods for the better understanding of ways in which respondents answer the questions in order to minimize the effect of unsatisfactory quality of questionnaire and at the same time to conduct adequate measurement and evaluation of remaining errors. Errors cannot be completely avoided, therefore errors caused by questionnaire cannot be totally eliminated but there are many efficient ways for the minimization of them.

There is not a procedure that can result in questionnaire without any level of bias and errors but there are many decisions that can be made by researcher which can lead to the minimization of errors caused by questionnaire. Construction of a questionnaire is a very delicate and complex procedure which requires making many decisions about different questionnaire variables and various methods for minimization of questionnaire bias. This will lead to the higher quality of the whole research which will result in more valid and reliable research results.

This paper points out one of the most discussed issues in construction of a questionnaire—treatment of sensitive questions and regarding that issue, commonly used designs and examples of technique of randomized response were described. Use of technique of randomized response in surveys on sensitive topics improves the data quality of surveys since it increases the response rate and the proportion of true answers. This makes technique of randomized response the most efficient method for the treatment of sensitive questions and it can be successfully used across various disciplines.

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## ***WORK ATTITUDES OF BULGARIAN EMPLOYEES: ETHNIC AND EDUCATIONAL DIFFERENCES***

*Ergyul Tair PhD<sup>3</sup>*

### ***ABSTRACT***

*The paper traced out the results from Bulgarian survey on work attitudes understood as work involvement, preferences to type of employment, use an unemployment benefit, etc. Sample included 1307 persons aged 16 to 66, where 55% were women and 684 people identified themselves as Bulgarians, 288 as Roma and 335 people as Turks. The results present significant differences in work attitudes depending on education, as the higher the education the higher was work involvement. Also, there were established some ethnic differences in work attitudes, in particular to type of employment, which is preferred, and acceptance of unemployment benefits.*

***Key words:*** *Educational and Ethnic Differences, Work Attitudes*

***JEL Classification:*** *L2*

***UDC:*** *331.101.3(497.2)*

*331.101.264.2:316.344.34(497.2)*

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<sup>3</sup>Ergyul Tair, Institute for Population and Human Studies - Bulgarian Academy of Sciences, Sofia, Bulgaria, [ergyul\\_tair@yahoo.com](mailto:ergyul_tair@yahoo.com)

## ***INTRODUCTION***

The importance of a labour for human being is a subject of a depth analyzes that bring out both its objective role and the subjective significance attributed to it, and which defines substantially the quality of life. Although in recent years the significance of leisure time and searching for balance between work and leisure grow up, still for most of the people work plays an important and central role in their life (e.g. Gini, 2000; Mutlu, Asik, 2002, Rinehart, 2006).

Recognition of the centrality of work explains the diversity of concepts and measurement tools. The essence of the attitude of commitment and personal investment in the work can be seen by terms such as central life interest, work involvement, career importance, etc. A significant part of the authors adhere to the term work involvement, which is widespread, but also correctly reflects the essence of the phenomenon studied (Ilieva, 1998, pp. 66). Work involvement is considered as a psychological construct that refers to the value that people attach to the work as a whole and the specific work that they do. As a basic definition of work involvement Warr and colleagues proposed the extent to which a person wants to be engaged in work (Warr et al. 1979, pp. 130). The key component of the work involvement is vital importance that the work has in the life of an individual (Ilieva, 1998, pp. 69). In sum, work involvement or the centrality of work can be defined as normative belief about the value and importance of labour compared to other spheres of life, which is formed in the process of socialization under the influence of different individual and cultural factors.

An important area for research lies in the relationships between demographic factors and employee attitudes (e.g. Boyce et al., 2007). Scholars have recognized that gender is an important individual difference variable (e.g., Budworth, Mann, 2010). Despite the advances of gender equality in society, traditional gender role differences remain pervasive in the employment context and gender differences in employee attitudes have been explored across varied fields (e.g. Sousa-Poza, Sousa-Poza, 2000). For instance, research among employees suggests that women are more satisfied with work although their working conditions are worse than that of men (Sousa-Poza & Sousa-Poza, 2000). According to the gender role theory, men and women tend to place differential importance on work and family roles due to the stereotypes associated with the roles they occupy (Eagly, Karau, 1991), as men tend to place more emphasis on their work role than women while women may place more emphasis on their family roles. That is, social conditioning influences men's and women's attitudes towards their social roles where women often view their family role identities as equally or even more salient than their work related identities (Eagly, 1987). Researchers continue to find that gender roles, while having deviated slightly from previous decades, remain intact to varying degrees (e.g., O'Neill, O'Reilly, 2010). Indeed, statistics from the OECD Gender Initiative (2011) indicate that females are employed predominantly in service industries; also, they are more likely than men to engage in unpaid work.

Another substantial portion of studies focus on relation between work attitudes and age (Ng, Feldman) or education (Vecchio, 1981). Human capital theory, which places great emphasis on the relevance of education, skills, experience, and language fluency for access to and advancement in the labour market (e.g. Backer, 1964) have some

suggestions for influence of education on attitudes of employees (Ng, Feldman, 2010). Research results presented for instance, that highly educated people are less satisfied with their jobs (e.g., Green, Zhu, 2010). Employees who are highly educated expect more from their careers (Ng, Feldman, 2010). Therefore, highly educated employees may have less positive attitudes toward their jobs as satisfaction but they will be more involved in their job because of the time and efforts they spend to learn and prepare their self's for one or another job. At lower levels of education, because of lack of opportunities, we have higher job satisfaction, as well as a lower work involvement.

Following differences in work attitudes due to gender, educational level etc., should be noted that some of these differences in attitudes can be culturally determined because they are associated with family values and traditions, certain largely defined from ethnic background. Traditionally, Bulgarian society is culturally diverse and according the data from last Census 84.8% of population identified themselves as Bulgarian. The second ethnic group is the Turkish minority representing 8.8% of the population. The Roma remains the third largest ethnic group in Bulgaria, with a relative share of 4.9% of population (NSI, 2011). The Roma people are in a disadvantaged position at the labour market as a result of the structural changes that have taken places in Bulgaria. The changes of the macroeconomic situation in the country have resulted in their exclusion from the labour market and in constantly persisting very high unemployment levels in their community, or employment in only very low-income jobs. They are less competitive in terms of qualification, education, social image of their labour status, and social capital.

Work as integral and essential element of the social life of the individual is inevitably subject to key even basic existential attitudes, needs, emotions that are characteristic not only of man as an autonomous unit of society, but also for a functional person as a collective image of different social roles (Draganov, 2011). Work attitudes educate more in the family; give him different meanings and values that person adopted. In this sense, work attitudes can be considered as ethno-culturally predetermined. For instance, for ethnic Turks in Bulgaria work is not just social, but religious values, which already implies a more spiritual and intangible terms. On the other hand, for Roma, in most cases more valuable is a product or what person can ensure through work (Riza, 2010). Also, have to add that in Bulgaria in the last two decades we observed significant difference in educational level depending on membership to a majority or minority groups. In some minority groups, as Roma, nearly half of the people are less educated. Official data from the Census'2011 presented that 56.7% of Roma in the country have less than primary education (i.e. primary, incomplete primary or do not attend school), in Turks percentage is 26.7%, while in the Bulgarians is 9.4% (NSI, 2011). Therefore, tracing both the educational and the ethnic or cultural layers of work attitudes gives important specific aspect of the studied problems.



## ***RESEARCH QUESTIONS AND HYPOTHESIS***

The main objective of the study is to establish the ethnic and educational differences in attitudes towards work in Bulgarian employees.

The aim of the study is realized through the following tasks:

- To examine ethnic differences in attitudes towards work, in particular the attitude of Bulgarians, Turks and Roma to work as a key objective in life, a preference for the type of work, acceptance an unemployment benefit, etc.
- To study educational differences in attitudes towards work in general and differences depending on ethnicity and educational level.

Based on the presented theoretical assumptions, as human capital theory and established differences in educational level, values, and family traditions of ethnic groups in the country we expect significant ethnic and educational differences in work attitudes of Bulgarian employees.

## ***METHOD***

The method and the results presented in this paper are part of a larger study of ethnic tolerance in a business environment, which includes attitudes towards work and occupation, ethnic distances and relationships at work etc. (Project “Tolerance in business environment”, funded by National Scientific Fund, Bulgarian Ministry of Education, 2011).

*Table 1: Description of the sample by ethnicity, gender and educational level*

Groups	Gender		Educational level		
	Female	Male	Higher	Secondary	Primary or less
Bulgarians	417	266	364	300	21
Roma	136	150	16	110	162
Turks	164	170	105	185	42
Total	717	586	485	595	225

Sample: For accomplishment of representative survey was planed and realized fieldwork between May and November 2012. For the survey was used data from Census'2011 in Bulgaria to identify the main characteristics of the sample as ethnicity of the participants, populated location, etc. (NSI, 2011). The sample included 1307 participants aged between 16 and 60, of which 717 were women and 586 men. In terms of ethnicity 684 persons identified themselves as Bulgarians, 288 persons as Roma and 335 persons as Turks. The gender breakdown in the groups presented relatively equal shares as differences in education levels are essential. Particularly, in the Roma group, where more than half of the persons were with primary or lower education, which must consider when the results were compared. Detailed description of the sample based on gender and educational level was presented on Table 1.

Measurement: Work attitudes were measured through specially designed questionnaire based on the scale of work involvement of Warr and colleagues (Warr et al. 1979). The survey questionnaire consists of 5 items in which respondents express their agreement or disagreement with a 4-point Likert scale. The minimum cumulative score is 5 and the maximum - 20, with higher values representing more positive work attitude. In the study sample (N=1298) descriptive statistics are: M = 14.79, SD = 2.95 (Skewness = -0.58, Kurtosis = -0.02). The internal consistency of the scale is acceptable for the purposes of the study and the small numbers of items - Cronbach's alpha was 0.58. Respondents also indicate various demographic characteristics such as gender, age, ethnicity, populated location, etc.

## RESULTS AND DISCUSSION

To achieve the objectives of the study and verification of hypotheses were implemented a series of analysis of variance (ANOVA). Table 2 presents the results of the analysis of differences in questionnaire on work attitudes (Mean and standard deviation - M/SD; F - test; Partial  $\eta^2$ : the effect Partial Eta Squared; Post hoc test, Tuckey).

The differences in total score on work attitudes with representatives of different ethnic groups were not statistically significant (F=2.12, p=0.12). We can conclude, that in general there are no ethnic differences in work attitudes of Bulgarian employees. A detailed analysis of the items forming the scale work attitudes, however presented some differences that we have to point out.

Table 2: Results of ANOVA for ethnic differences in items of scale Work attitudes

Work attitudes scale's Items	Groups	M (SD)	F / p	Partial $\eta^2$	Post hoc test (Tuckey)
I would continue to work even I won a great deal of money on the pools	Bulgarian	3.23 (0.94)	3.96/ p<0.02	0.01	B-R: 0.20, p=0.05
	Roma	3.02 (1.18)			B-T: n.s.
	Turks	3.14 (1.11)			T-R: n.s.
The most important things that happen to me involve work	Bulgarian	2.40 (0.98)	8.52/ p<0.001	0.01	B-R:0.28, p=0.001
	Roma	2.67 (1.15)			B-T: n.s.
	Turks	2.36 (1.14)			T-R:0.32, p=0.001
If I can choose I'll prefer to have a permanent job even isn't paid well	Bulgarian	3.32 (1.01)	3.52/ p<0.05	0.01	B-R: n.s.
	Roma	3.17 (1.08)			B-T: n.s.
	Turks	3.38 (1.02)			T-R: 0.21, p=0.05
Use (acceptance) of unemployment benefit	Bulgarian	2.11 (0.86)	10.18/ p<0.001	0.02	B-R:0.26, p=0.001
	Roma	2.37 (0.86)			B-T:0.15, p=0.05
	Turks	2.27 (0.89)			n.s.
Anxiety and tension if the person lose a job or no work for long time	Bulgarian	3.13 (0.70)	1.85/ n.s.	-	n.s.
	Roma	3.03 (0.89)			n.s.
	Turks	3.13 (0.75)			n.s.

First, representatives of all three ethnic groups would continue to work, even they have the funds, although this statement is more typical for Bulgarians than Roma people ( $F=3.96$ ;  $p=0.02$ ). In this respect, there no differences between Bulgarians and Turks, and between Roma and Turks.

Second, representatives of the three ethnic groups prefer to have a permanent jobs than temporary or seasonal, but this in most characterizes the Turks ( $F=3.52$ ;  $p=0.05$ ), which was statistically different from Roma in this respect. No statistical differences between Bulgarians and Turks, as well as between Bulgarians and Roma. The importance of permanent job for the Turks could understand when we consider data from surveys of some NGOs presented that the employment contracts rate is lowest in people who identify themselves as Turks - 68%, and highest in Bulgarian - 75%. Data submitted that in ethnically segregated neighbourhoods the employment contracts rate were only 54% (Open Society Foundation, 2011).

Third, the representatives of the three groups shared that if they lose their work would feel anxiety and tension, but there was a statistical difference in willingness to use or in acceptance an unemployment benefit, which is least characteristic of the Bulgarians ( $F=10.18$ ,  $p= 0.001$ ). In other words, Turks and mostly Roma in a largely tend to rely on a social assistance for a short or long period of unemployment.

Finally, we can assume that for Roma job has greater significance than for the Bulgarians and Turks. In particular, Roma distinctly from Bulgaria and Turks indicated that most of things they want from life were work related ( $F=8.52$ ;  $p=0.01$ ). There no statistically significant differences between Bulgarians and Turks. Generally, people in the study were almost equally divided depending on whether their goals in life are related to work or not. It can be debated whether the work really has value in the lives of Roma itself as part of the vital purposes or as a source providing certain material goods. Perhaps we should point out that job is probably more valuable in the life of the Roma, because for them is so difficult to find a good or permanent job and unemployment is higher for them than for other ethnic groups. According to official data for the last quarter of 2014 unemployment in the country is 10.6%, while those with primary or lower education (of which a significant proportion are Roma) unemployment rate reached 44.5 percent.

The presented differences between ethnic groups are statistically significant, but it should be noted that the estimated size of the effect Partial Eta Squared is weak, with values up to 0.02 (Fritz et al., 2012).

In line with our expectation, there were established some statistically significant differences in work attitudes depending on education. As we can expect in regards to human capital theory, the higher the education the higher was work involvement. Particularly, persons with higher education declare willingness to work even they have the funds to live comfortable life ( $F=20.13$ ;  $p=0.001$ ). Also, more educated persons compared with low educated prefer to have a permanent job even isn't paid well ( $F=15.68$ ;  $p=0.001$ ) and declared that would feel anxiety and tension if they lose their work for a long time ( $F=4.80$ ;  $p=0.01$ ). Persons with higher education less than others accepted use of unemployment benefit for a long time ( $F=23.75$ ;  $p=0.001$ ).

Results from accomplished analyses on ethnic and educational differences are presented in Table 3. There were significant differences in work attitudes depending on ethnicity and education. As mentioned above, the comparison between the same

educational levels in the studied ethnic groups weren't possible, especially comparison with Roma group, where persons with higher education were not enough to fulfill analysis, as the persons with primary and less education were more than half of the Roma sample. In Bulgarian and Turkish group comparison were made between people with higher and secondary education, while in Roma group with secondary and primary or lower education.

In general, the results in three ethnic groups were close to the results established for the sample, as the higher the education the higher was work involvement. Also, there were some significant differences between higher or less educated persons in studied ethnic groups. Only higher educated Bulgarian declare willingness to work even they have the funds to live comfortable life ( $F=4.55$ ;  $p=0.033$ ) and they prefer to have a permanent job even isn't paid well ( $F=10.11$ ;  $p=0.002$ ). Therefore, we can assume that they were engaged in work to a large extent, identify with it and would work even for less pay or would continue to work even if they have the means to live without working. In other words, their desire to work not only related to living, but rather an expression of the desire to identify with the work, to apply their skills, etc. At the same time, there were not established differences between people with higher and secondary education in Bulgarian group in terms of the negative emotions that would lead from the long period of unemployment, types of employment or the acceptance of unemployment benefit.

*Table 3: Results of ANOVA for educational differences in three ethnic groups*

Groups/ Work attitudes	Educational level		F-test	
	Higher (M/SD)	Secondary (M/SD)	F	p
<b>Bulgarian</b>				
Work attitudes (total score)	15.33 (2.13)	14.53 (2.87)	16.67	.000
I would continue to work even I won a great deal of money on the pools	3.35 (.82)	3.13 (1.00)	4.55	.033
If I can choose I'll prefer to have a permanent job even isn't paid well	3.41 (.95)	3.24 (1.06)	10.11	.002
<b>Turks</b>				
Work attitudes (total score)	15.42 (2.64)	14.62 (3.21)	4.68	.031
Use (acceptance) of unemployment benefit	2.95 (.87)	2.67 (.88)	6.98	.009
<b>Roma</b>				
	<b>Secondary</b>	<b>Primary or less</b>		
Work attitudes (total score)	15.28 (2.99)	13.92 (3.90)	9.30	.003
If I can choose I'll prefer to have a permanent job even isn't paid well	3.43 (.93)	2.99 (1.13)	11.21	.001
Use (acceptance) of unemployment benefit	2.89 (.79)	2.42 (.84)	21.44	.000

In Turkish and Roma group there were presented the same trends as in the sample, where more educated individuals have positive work attitudes (see Table 3). The only

differences that can be identified were related to the acceptance of unemployment benefit. In particular, higher educated Turks ( $F=6.98$ ;  $p=0.009$ ) and Roma with secondary education ( $F=21.44$ ;  $p=0.000$ ) in comparison with less educated persons from their ethnic group accept unemployment benefit for short or long period. But we have to keep in mind that may be this result due to not only of more positive attitude to use of unemployment benefit in educated persons from minority but also due to the legislation. In Bulgaria only people with appointed length of service have access to unemployment benefit. In other words, most likely less educated persons from minorities' backgrounds have no access to unemployment benefit due to the fact that they work seasonally or with temporary contracts or were unemployed for long periods of time and lose access. Also, we mentioned before that part of the people from minorities work without employment contracts or more than half have employment contracts (Open Society Foundation, 2011). Additionally and not surprisingly, results presented that Roma who have secondary education would prefer a permanent job compared with less educated persons ( $F=11.21$ ;  $p=0.001$ ). This results is close to results in Bulgarian and Turks groups, as well as to result in the sample.

## ***CONCLUSION***

The results from survey on Bulgarian employees reveal some significant differences in work attitudes in general and it's certain aspects. We can assume that highly educated people have higher positive work attitudes. The results are entirely predictable and explainable by higher education in accordance with human capital theory suggests that if a person has invested time and effort to educate, accordingly, it will be more engaged in his/her work will be identify with it and will continue to seek employment activity, even when he/she has financial resources. Accordingly, the loss of job and falling into a state of prolonged unemployment will lead to worry and anxiety. However, this explanation is more typical for higher educated Bulgarian employees than for minority employees who demonstrated higher work involvement, yet.

Although there were not established significant ethnic differences in overall work attitudes of Bulgarian employees there were some specific characteristics that deserve to be mentioned. Representatives of all three ethnic groups declare their willingness to engage in work, even in the presence of sufficient financial resources, this trend is more typical for the Bulgarians. Although not central to their lives, we adopted on the basis of the obtained results that for Roma work is more important than for Bulgarians and Turks, probably due to the fact that most of them are unable to find god job or were unemployed for a long time. Most of the Bulgarian employees prefer permanent employment than temporary or seasonal; but this is more typical for Bulgarian citizens of Turkish origin. Finally, the lack of employment would be worried and disturbed all the Turks and mostly Roma, in a largely tend to rely on unemployment benefit.

The results suggested that along with educational differences in work attitudes or work involvement of Bulgarian employees there are also some ethnic differences underlying the application of ethno-specific programs targeted at attracting and retaining people in the labor market.

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# **THE CAPACITY OF PERCEPTION: THE NEED FOR AN EDUCATIONAL SYSTEM IN SUPPORT OF THE NATIONAL SECURITY**

*Miroslav Stevanovic MSc<sup>4</sup>*

*Dragan Djurdjevic PhD<sup>5</sup>*

## **ABSTRACT**

*The world is faced with a drastic change. The dominance of procedures, capabilities and characteristics imposed by the technologies threatens to dehumanize individuals and undermines the essence of democratic procedures. Nation-states are facing a number of risks due to the uncritical application of technological innovation. To meet the needs of the information age in a manner that ensures national stability and survival, attention should be focused on development of young generations as competent, but aware of their humanity. The subject of this paper is assessment of needs of national educational process in information age. Functional analysis of some indicative everyday consequences of the application of technical innovations indicates that they have an influence on the psyche of young people, such as alienation, pacification, anxiety, and undermining confidence. In contrast, structural analysis indicates that the new technologies, work processes and decision-making require a stable and technological-capability tailored personalities whose actions rest on human aims, and are not solely dictated by technology. In such circumstances, education should not be based only on the transmission of information, but should encourage the development of personality towards the adoption of value system resistant to the challenges of dehumanization. National security, today, includes values such as sustainable development and respect for human rights. In a globalized world, characterized by the universalization of values, systems security to be effective requires appropriate quality of human resources. In a highly securitized world, these national systems must timely perceive many new challenges. Education that provides functional qualifications, but also a personality capable to understand the scope and implications of technological power represents the interests of national security. To achieve these goals educational process should develop the capacity of abstract thinking, which is why it is necessary introduce young people to the logic of thinking in the classical arts.*

**Key words:** National Security, Education, Personality, Humanism, Ethics

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<sup>4</sup>Miroslav Stevanovic, Security-Information Agency, Belgrade, Serbia, mstvnv297@gmail.com

<sup>5</sup>Dragan Djurdjevic, Academy of national security, Belgrade, Serbia, djurdjevic.dragan@gmail.com

## ***INTRODUCTION***

An important feature of the Information Age is the consequence of possibilities enabled by the new technologies, which allow the overcoming of barriers to communication, equally those arising from the distance, time and location, and the limitations arising from the limitations of human capacity for processing information and making decisions.

Revolutionary information technologies have directly influenced human activities. Application of technological solutions is expanding globally through interconnected network of computers, between which information can be exchanged quickly and continuously, which have led to the increasing importance of information and communications and as a source of wealth (Djurdjevic, Stevanovic, 2015, p. 17). Hence, the Information Age requires adjustments in the structuring of societies and states, in order to survive as an organized system.

The adaptation of structuring of societies to the new needs, however, today is generally characterized by over-regulation, bureaucratization and alienation. Such development indicates that collective maturity is still insufficient to understand the virtual world, the perceived requirements, opportunities and threats that derive from it, and to come up with adequate solutions in the common interest. Therefore, negative consequences for the stability sometimes overcome the positive effects of achieved results (Petrovic, 2012, pp. 1-15).

One of the main causes of inefficiency in adapting the conditions of the Information Age is that, in an effort to leverage information technologies as soon as possible and as much as possible, some components of the rational development of children and society are being neglected. Maladjustment of cognitive and emotional capabilities to the needs of everyday life creates preconditions and widens space for activities that may endanger the fundamental values of the state, i.e. for its national security (Petrovic, 2010, pp. 190-217).

Phenomenological, security can be determined as the maintenance of norms, institutions and values of the society of military and non-military threats, (Osisanya, 2013) and as a condition in which there is no threat of military attack, political pressure or economic coercion, so that countries can develop freely (Avramov, 1988, pp. 30). National interest, within which institutionalized the system of national security is essentially a test of sustainability policy and therefore must reflect, among other things, the collective values of society (Von den Steinen, 2006, pp. 13-22). The basic collective value of each society represents well-being and quality of life of human beings who constitute it.



## ***EMPIRICAL CHALLENGES TO THE CONTEMPORARY OF EDUCATION***

Mankind is making progress because of its inner tendency to constantly change its surroundings and order of things. Energy for the trends for changes is traditionally provided by young people, who by nature have the greatest ability to adapt to the needs of the contemporary times. The capability of such adaptation is significantly affected by the system of values and the cognitive capacity that are formed during education.

Empirical observation suggests that the education system must produce individuals who will have the capability to strive towards progress in the framework of conditions set by the new age.

Modern technologies have enabled, among other things, the widespread application of various forms of supervision. The young are born and growing up in such an environment and a situation is imposed upon them that they must live exposed to bureaucratic and corporative control as their daily routine. Today, the parents also have the opportunity to scan the sites their children and, like employers, to follow their private activities on social networks. Parents can use GPS in their children's mobile phones and, as investigative agencies, monitor their movement. It has also become acceptable to install cameras around the house, which leaves no room for privacy. Growing in an environment of constantly growing exposure to surveillance capabilities, young people are being deprived of an opportunity to fully develop healthy self confidence. This poses a long term risk in two ways. First, the young are exposed to the possibility of going to life with internal issues. Second, from this arises a logical dilemma, in a period when global attention is rightly focused on the protection of human rights and democracy, who can expect that young people can accept any kind of democratic movement out of sight of the authorities, regardless of its qualities, if they did not have the courage to even prepare home - entertainment when their parents are not home?

Today, we are witnessing a generally widespread access to television, computers, mobile phones and technologies that are able to access the media. Abstracting problem of the possible control of the contents by the corporations and their media, the primary problem from the standpoint of the desirable shaping of personality seems the social pacification. At a time when the possibilities for surveillance, bureaucratization and the dictates of the financial markets lead to all-reaching authoritarian societies, impersonal communication and television with programmes based on cultivation of various forms of fear, keep people in fear of social interaction and in mutual distrust. This leads to the isolation of an individual and consequently suppresses pooling around goals in common interest.

Those resources additionally structure personality in a way that contributes to social isolation. Psychological studies show that television lowers the level of brain functions and hinders critical thinking. In addition, the dominant form of affirmation of the ego which young people can experience became video games, which is not real, but "virtual potency". The lack of capacity for critical thinking and in self-assurance of character results in a reduced individual capacity for review of the inviolability of established authorities.

The universalization of values and the application of modern technologies have resulted in the imposition of fundamentalist consumerism concept of society, including in the spiritual sphere. The characteristic of fundamentalism is that it demands a literal interpretation of certain doctrines, and in that way it narrows the focus and prevents critical thinking. Fundamentalist consumerism also destroys self-esteem. Like every dogma, it imposes a way of thinking and creates people who feel dependent on others and therefore more inclined to cede decision-making power.

In the terms of ethics, the culture of fundamentalist consumerism legitimizes advertising, propaganda and all kinds of manipulations, including voluntarism towards truth. Once an organized society legitimizes lies and manipulation, people cease to trust one another and lose the motivation to try to participate in progressive democratic movements.

For any society which willfully aspires towards progress, it is necessary to provide a system of education that will enable the formation of personality structure capable to face the risks of the time, which adversely affect the potential for progress. In today's highly securitized world, in which the national security interest include values like sustainable development, human rights, or the quality of life, overcoming the mentioned types of risk requires a system of education through which a personality will be moulded that is not prepared to reconcile with the condition that the economic and political system must be under the complete control of the bureaucratic, partitocratic or corporate interests, and that does not feel helpless for an active engagement in that matter .

Results in one of the surveys showed that the question: "Do you think that the social security system will be able to pay you benefits when you retire?" was by 76 % of respondents of age between 18 and 34 years answered with „no“ (Gallup, 2010). Nevertheless, among them there were only a small number of those who gather around the requirement that the system of social insurance should be improved by more just taxation of the rich. Practically, those young people are willing to accept that their social security deducts more money even though they do not believe that this will one day bring them the compensation. Obviously, modern society has managed to subjugate the natural rebelliousness of youth, even contrary to their personal interests. The consequence of establishing social system which subordinates and/or breaks the spirit of resistance to domination is young people's lack of desire for democratic improvement, and therefore for the potential progress of the society.

In a society that tends to be meritocratic, the development of intellectual competition dictates the need for accessible public universities. Today, the financial burden of education for most students is resulting in the fear of debt. This type of barrier particularly affects those young people from families with low economic status, and those from the middle class who live outside of university centers (EQUI-ED, 2012). These debts are an indirect pacifying force. It is occurring during the period of life when the resistance to the established authorities should be easy, because at that age they still do not have family responsibilities. This way, young people are faced with the price of possible resistance to authority, in the form of fear of job loss, of the consequences of inability to pay off the ever-growing debt. This results in the marginalization of social activism among the students, while at the same time the consequent political passivity makes it more likely that at young age they accept debt as a normal part of life.

From the earliest days, today's children are not educated for the needs of a democratic society of the Information Age. The abstract logic of the institution annuls individual contributions of caring people who have chosen to devote to teaching. Modern educational policies emphasize standardized testing. This form of evaluation is essentially based on creating fear among students and teachers to focus on the requirements of the creators of the tests. Thus, it erases the development of curiosity, critical thinking and questioning of authority and resistance illegitimate authority.

The school system does not even assess the effectiveness of teachers based on criteria that you inspire students to be inquisitive, read more, learn independently, enjoy thinking critically, or questioning authority. The main objective of teaching has become a socialization of pupils, as passive beings who are content to accept that others manage their lives, to follow orders, to take seriously imposed authorities, to pretend that they care about the things they do not really care and to accept as a rule that they are powerless to influence their own situation. School teaches that it is only politely to express concerns in a way which is "moral and mature", which implies the unconditional compliance with the existing and instilling consciousness not act in any way that might provoke a dispute. The society is led to the belief that an aversion towards school is an expression of hostility towards education, and consequently that it is a shame to take seriously the education, and not the schooling. Increasingly authoritarian psychiatry has pathologized subjugation, among other things, by broadening the diagnostic scope of alleged mental disorder in children and teenagers with "Oppositional defiant disorder" (ODD), (Levine, 2014). Among the "symptoms" of ODD are: covered and often active opposition or refusal to comply with adult requests or rules, frequent discussions with adults, often intentional or irritation of other people.

In short, the challenges could be summoned in a warning formulated in 1955 by Erich Fromm, in his book 'The Sane Society': "Today the function of psychiatry, psychology and psychoanalysis threatens to become the tool in the manipulation of man."

### ***THE NEED FOR AN ETHIC APPROACH IN EDUCATION***

Cybernetic analysis of the structure of knowledge in organised societies indicates that control in the human society involves determination of the human mind. Consequently, the establishment of any new general concept is based on the mechanisms of its expansion (Frankel, 1979, p. 458). Interiorization of informations received through the educational system into knowledge, in a society shapes some common stereotypes and prejudices. Spreading any new idea is based on the few who have the ability to narrow the effect of heurism and to realistically perceive and recognize new needs and challenges. This ability profiles them as the local elite. They are followed by those who perform services necessary for the institution to function and by those on auxiliary activities.

Information Age enables for the first time in history the synergy of joint creative potential of society as a whole, and thus transcends the range of summary of individuals. That allows the multiplication in management capabilities and capacities to protect a broader range of challenges, from security, stability and development, through the natural disasters, to the drugs. However, in order to achieve an individual and collective consciousness about these

possibilities, it is essential that the educational system forms the individual to an adequate level of reasoning and ethical standards, which would qualify most of the population for the rational action on individual level and in interaction with others, so that they do not remain merely followers. Educational system which does not provide the society with such individuals, inevitably reduces the suitability of society for the Information Age, and is being left susceptible for the bureaucratic degeneration of its institutions.

Some consequences of technological and civilizational leap forward have imposed the need for education founded on basic human values. It has become obvious that only a humanized individual can be able to cope with the challenges of alienation and abstractness of new technologies and with the elites that formed on them. In contrast, the individualistic approach, in which the highest priority is not person, as an individual, but an articulation of personal interest, models the society into a collection of individuals without the mental ability to work together in the interconnected world. In this sense, it seems that the need for a shift of a paradigm, in terms of preparation of awareness for the need to subjugate the information and technological changes to people's needs, is a condition of survival of national societies in the current global environment.

Education has the capacity to develop in an individual, as a guiding principle of action, to develop consciousness of the connection between inner truth with the wider aim of human existence. Because of the speed and the scope of information, education must include classic artistic composition as a training of complex forms of thinking. In the classical forms of art, the idea is evolving to higher levels of knowledge and thus contributes to the development of the inner being (Nemanjic, Spasic, 2006). Alienation of modern communication requires development of empathy and emotional resonance, as a condition of humanity. That is why education, in addition to the power of imagination and the adoption of a vision of what the world should be, must be trained in compassion, as an ethic component.

In a Letter of an Aesthetic Education (XXI letter), Friedrich Schiller noted: "For as soon as we recall that it was precisely of this freedom (to be – what one ought to be) that he was deprived by the one-sided constraint of nature in the field of sensation and by the exclusive authority of reason in the realm of thought, then we are bound to consider the power which is restored to him in the aesthetic mode as the highest of all bounties, as the gift of humanity itself". This should be the goal of education even more, today.

## ***EDUCATION FOR THE NEEDS OF NATIONAL SECURITY***

The changes that are happening in Information Age have not been adequately laid down in national and international legal in a general way. Because of that, and due to the availability of sources of information, social and economic development are now at globally and nationally available primarily for the wealthy nations and individuals (Hsiang-Chuan, Wen-Pei, Wenli, 2014, pp. 890, 1425-1426). Due to the long term unsustainability of such "one way" a system in the interconnected world of the Information Age, there is a need for a reconstruction of the system of values. Key segments of the new contemporary ethic system must be the construction of freedom as the basis of the system, equity, security, efficiency and fairness. However, in modern legal systems there is still a noticeable tendency of over-regulation, complex

procedures and blackmail for inclusion in the international investment market. In the mentioned context, the dilemma is how to achieve social capacity of perception of these kind of challenges, such as financial, to the inner stability of nation state within the global system. To survive, the national society, as a system, must provide adaptation, achieving goals, latency, and integration. Analysis of problems facing the combat of money laundering indicates that the national intelligence, legal and accounting systems, under the influence of globalization, have often become instrumental in the system of global finance, developed as too large bureaucratic systems which only prevent meaningful interpretation of indicators. In the Information Age, the rationality of the decision-making in the state depends on the research and analysis of risk factors, which is, along with the intelligence, based on the rational use of information technologies. If the rational perception of nature and character of the challenges is absent, the administration cannot act effectively, nor use its risk control sectors (Djurdjivic, Stevanovic, 2015, p. 185).

The context of capacity for adequate incorporation also raises the issue of rational use of information technologies in every day activities. One of their features is that they provide the capacity to do more work activities at the same time (multitasking). Multitasking is the introduction of the time component in the programming, so that a computer is running a processes with overlapping, without the conscious participation of operators (Fof, 2013, pp. 108-109). In practice, application software includes all IT tools to help computer users in performing tasks, but they are not necessarily suitable for solving real problems. Computer multitasking includes: the same division of resources for processing multiple tasks; time scheduler for the execution of a transaction; queue for execution, with priority; and the illusion of parallelism (Cvetkovic, 2009). On the cognitive level, the possibility of computer multitasking led to the impression that it is possible for an individual to multiple targets are parallel priorities. However, the human being can not at the same time to focus on the execution of two jobs, nor can it prefocus quickly from one target to another. The average person after checking new email, needs around 64 seconds to effectively follow up on a previous order (Jacksona, Dawsona, Wilson, 2003, pp. 55-65). This interruption in the performance of the brain when dealing with such a transition in psychology called the price of exclusion. So, in human beings, despite the possibilities of technology, avoiding multitasking prevents loss of time in the realization of goals (Schwalbe, 2013, pp. 249).

To the achievement of better results requires doing the job better and more professionally, and in the best possible way. Committing to the priority focus of behavior, so what about the liability imposed by the organization, and the target keeps the organization of work of the individual and allows you to focus, because it eliminates the dilemma of what is necessary, urgent and important work (McKeown, 2014). In the era of information technology, human resources management and organization system should be aimed at overcoming these obstacles target efficiency. However, the expansion of their use has led to the development of the Code to be as meaningful work as commitment and exhaustion. The consequence is that the meaning of work often comes not from the contribution of something that has value (Costas, Grey, 2013, pp. 227, 232). The functioning of high-profile professionals and those working most valuable work was noticed expressed willingness to reject any distraction. Consequently, the quality of a successful carrier work is built will to maintain an optimal level of commitment and direction, which is inconsistent with the requirements before the jobholder set of information technology, especially multitasking.

The intelligence model is based on an extreme problem solving orientation, in which the analysis of the abundance of primary data is key to the achievement of the objectives and the decision-making process. This model operates within the network of information management and allows analysts to have an influence on decision makers, and represents a method of long-term preventive problem solving (Ratcliffe, 2008, pp. 89). The security sector is closed and hierarchical structure, based on the principle of confidentiality, whose organizational structure allows functional capability to simultaneously perform multiple tasks at once. In this context, the collection and analysis of primary data, requires flexibility, adaptability, and even simultaneous orientation towards multiple objectives, which impose a higher individual range and initiative (Bailes, 2005, p. 23). The change in perception of the security challenging nature of phenomena does not change the facts, just their meaning. Thus, for a new perception, in terms of reliance on the information technologies that are without logical reasoning, the problem is that one has to be the first to define the narrow and specific segments that give same facts new meaning (Drucker, 2012, pp. 94-97). The success of the organization is determined by human resources, implementing the tasks necessary for the achievement of broader and specific goals, including their competence and motivation.

Analysis of the elitization in post-industrial society suggests that one of the consequences and a risk for democratic values is the global and completely irresponsible elite. This "new elite", which governs national societies today, encompasses the managers of all disciplines that produce and manipulate information. "These are people who live in the world of abstract concepts and symbols that extend from the market price to the visual display, and who specialize in the interpretation and use of symbolic information." Among the conclusions of this analysis is the proposition that the "main danger seems to threaten from those at the top of the social hierarchy (new hierarchy drain), not by the masses" (Lasch, 1996, pp. 23). As much as the national security is an objective category from aspect of value, its legal institutionalization is related to the internal perception of the national authorities, because of the nature of the security perceptions. Accordingly, the regulation of the structure of the security system depends, to a greater or lesser extent, on the national interest in a particular historical moment. The most obvious manifestation of this relationship is, besides the organizational structure, in the defining of assignments which are the cognitive basis and the application area of preventive and/or repressive measures. Hence, one of the principal demands of an effective national security system's is the ability to timely recognize the challenges and understand the threats and risks, which requires carriers built capacity for creative, value-based thinking.

Analysis of social change among young people in the Baltic region shows that hedonistic and pragmatic young people have formed a collective capacity for reflective thinking (Walker, Stephenson, 2013, p. 16). The result is an uncritical acceptance of the values that the consumer society blurs reality with, and that promote inequality and social differentiation. These suggestions are supported in everyday life, like that modern urbanism of densely populated cities is not based on the construction of public squares, parks and cultural centers, or are planning to invest in the format of a block, but the policy of the national public sector formed in plane plot, with content: apartments, shopping center with garage, despite the concentration of academics and surplus apartments and office space. This concept is based on the acceptance and concealing aesthetisation poverty (Mowforth, Munt, 2009, p. 67). It also notes the

developing of tourism in underdeveloped countries as a specific form of submission, described as the "sun, sea and sex" or - "subjection, servility and subordination", backed by "economic interests and preferences of the local business elite and influential". Practically, behind global interdependence can be critical elements to impose asymmetry and hegemony (Stevanovic, Djurdjevic, 2015, pp. 18-19). As George Carlin said: "Don't just teach your children to read... Teach them to question what they read. Teach them to question everything."

## ***CONCLUSION***

The education system represents a pole of stability of the national society, since creative potential is the basic source of social wealth and increase productivity. In the information era, this potential can be free through education, science, technology and culture. It follows that it is primarily necessary to enhance the educational model so as to adapt to the needs of time.

From the standpoint of national security in the information age, which includes the protection of basic human rights, economic well-being and sustainable development, the education system should provide for the formation and development of personality able to understand the range and consequences for society and the individual technological changes. In a society where youth does not actively seek justice and progress and overall eager youth, processes are left to the unlimited power elites, and in the long term that poses a serious threat to the very survival of the community. Facing the times of, as Marcuse described them in 1968, „comfortable, smooth, reasonable, democratic unfreedom“, the one of the primary lines of defence of a society threatened to be deprived of basic human values by unprecedented technological progress must be remodelling of its system of education.

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# **THE RELEVANT FACTORS OF DESIGNING STUDY PROGRAMS**

*Ana Skorup PhD<sup>6</sup>*

*Milan Krstic PhD<sup>7</sup>*

## **ABSTRACT**

*New study programs are the result of efforts of higher education institutions to achieve competitiveness through the expansion of their educational offerings, which gives potential students the opportunity of education for new vocations and professions. On the other hand, the new study programs also occur as a result of the harmonization of labor market needs with new profiles of graduates. When making strategic decisions within the process of choosing new study programs to design, it is expedient that higher education institutions study the impact of the relevant factors. This paper identifies relevant factors that have a dominant influence on the design of new study programs. These factors can be divided into several categories, including: **regulatory** factors (such as laws, standards and guidelines, as well as legal acts of the higher education institutions); **environmental** factors (which include demographic factors, secondary education, enterprises, employment, new scientific knowledge and the ensuing new technologies, competencies for new technologies, and new professions); and **individual** factors of future students (such as preferences and motivations of prospective students). From the moment the decision on the design of a new program is made, and by the time the first students of this study program completed their studies, may take five or more years. Within that period of time there may be significant changes in certain factors. For those factors that are significantly changing with time, it is anticipated their possible impact for the time in which the first students would complete their regular studies on the projected study programs. Results of prediction are used as feedback information for designing of these study programs, which, at the time of their completion by the first students, will be current in terms of the required professional profile, their competencies, skills and abilities for inclusion in actual social trends.*

**Key words:** *Study Program, Design, Relevant Factors, Prediction*

**JEL Classification:** *I23, C53*

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<sup>6</sup>Ana Skorup, Faculty of Business Economics and Entrepreneurship, Belgrade, Serbia, [anaskorup@gmail.com](mailto:anaskorup@gmail.com)

<sup>7</sup>Milan Krstic, Faculty of Business Economics and Entrepreneurship, Belgrade, Serbia, [mykrstic@gmail.com](mailto:mykrstic@gmail.com)

## ***INTRODUCTION***

Modern trends of the market economy development have shown that education and science are the top priorities of global and national strategies of socio-economic and technical and technological development (Čukanović Karavidić, M. et al. 2014). On the other hand, in today's day, we are witnessing veritable deluges of accredited new study programs on the market of higher education. This is not characteristic only for certain scientific areas, but it also occurs within the framework of all scientific areas (KAPK, 2015). It is logical to inquire of the background of this, and in answering the question it can be deduced that new study programs are primarily (a) a result of the coordinating offer and demand of the labor market and/or (b) a result of the endeavor of higher education institutions (hereinafter: HEIs) to improve their own competitiveness.

In the case when new study programs appear as a result of coordinating the offer and demand of the labor market, it is necessary to realize an effective and efficient coordinating of market demand with the required new educational profile of experts. The condition for achieving effectiveness and efficiency of offer and demand is coordinating the required skills with free work places, which can be observed from the following aspects.

Some important points concerning the coordinating of the offer and demand of the labor market are the following: Which jobs will be available in the future (in 10 and more years)? Will my education be appropriate for that time? Will I have the sufficient skills to get a job at that moment? Will those skills be recognized at that point? These questions are not just valid today, but they will also be increasingly present in the future. In the aim of helping to seek the answers to the mentioned questions, the European Committee has started the initiative "New skills for new jobs" (NSN, 2015).

It is significant to quickly identify those skills which, due to the demands of employers for new work places, become applicable, as well as those skills which with the appearance of new technologies and occupations become redundant, outmoded or simply superfluous (EURES, 2015).

Contemporary business cannot be imagined without global business, that is, business within a broader geographical area. When regarding skills, competences, qualifications and the occupations of employees in these companies, there appears to be in the context of global business the problem of the need to overcome language barriers, terminology, concepts and classifications. In the aim of overcoming this setback, there is a reply in the form of the European classification of skills/competences and occupations (ESCO - European Classification of Skills/Competences, Qualifications and Occupations) (ESCO, 2014).

A contemporary business organization is increasingly stressing before its employees the possibility of a synchronized carrying out of several different tasks (multi-tasking), as well as aptitude for teamwork, for which the prerequisite is to be highly qualified.

People are now living longer, which also impacts the length of a working life. Training for just one profession and having just one occupation is no longer a possibility. Employees must count on changing several occupations during their working lives, as well as careers. In order to achieve this, it is necessary to attain an effective and efficient education which would inevitably lead toward life-long education, which is to become an imperative of the modern age (Krstić, Bojković, 2009).

In accordance with the extending of the life span, certain economic sectors gain in significance, such as the health sector and social security, in regards to the possibility of absorbing the most significant number of employees (especially when it concerns services in these sectors), as well as in regards to a constant increase of the amount of funds earmarked for this intent.

Thus, it becomes important that employees have such skills, knowledge and abilities which enable them to work in teams as well as go from one job to another without greater problems, that is, to become more flexible in regards to work place mobility. In creating such an open, flexible, adaptable labor market environment, some factors are of a special significance (EEM&M, 2015):

- A precise and efficient coordinating of the offer and demand of employee skills;
- Anticipation and continued following of the demands of the labor market;
- Identifying the skills which are necessary for improving the prospects for a long-term employment of those seeking employment;
- A relevant and trust worthy education and training.

In the case when new study programs appear as a result of the endeavor of HEIs to improve their own competitiveness by broadening their educational offer, there is also an expanding of the range of study programs, which in turn gives prospective students the possibility of training for totally new vocations and occupations, which perhaps did not exist previously. This can be very useful for HEIs if they choose those occupations which will be in demand in the future. Technological progress aided by new scientific knowledge also generates new occupations. It is evident, for example, that the majority of occupations which are today the top 10 sought-for occupations (iOS developer; Android developer; Zumba instructor; social network specialist; data processing specialist; UX/UI designer; architect for large data bases; Beachbody trainer; cloud service specialist; specialist for digital marketing), did not exist 5 year ago (Blic, 2014). The HEIs which forecast such a future in a timely fashion and in accordance with this forecast introduce study programs for educating specialists of the mentioned profiles will have a much more certain future.

The endeavor to carry out a new study program requires that HEIs make strategic decisions. Deciding on a choice of a certain type of study program is strategic as it pertains to a period longer than 5 years and involves top management (managing body). There is also implied a certain risk, which is always present to a smaller or larger extent while planning the future. The risk of choice concerns uncertainty whether the study program will meet the demands of employers as well as in regard to the potential appeal for potential new students. The possible uncertainty of the chosen study program depends on whether all the mentioned factors will have an impact on it throughout time. From the moment when the decision of planning a new study program is brought to the moment when the first students graduate, a certain period of time passes, which is usually longer than five or more years. The intensity of certain relevant factors which will have an effect on the study program is unknown at the time of its planning, as the factors also change with time. Thus, during a strategic choice of the new study program, that is, during its planning, it is especially significant to first identify the relevant factors which have a leading influence on the competence of finished students, and then to forecast as accurately as possible the potential influences of their effects.

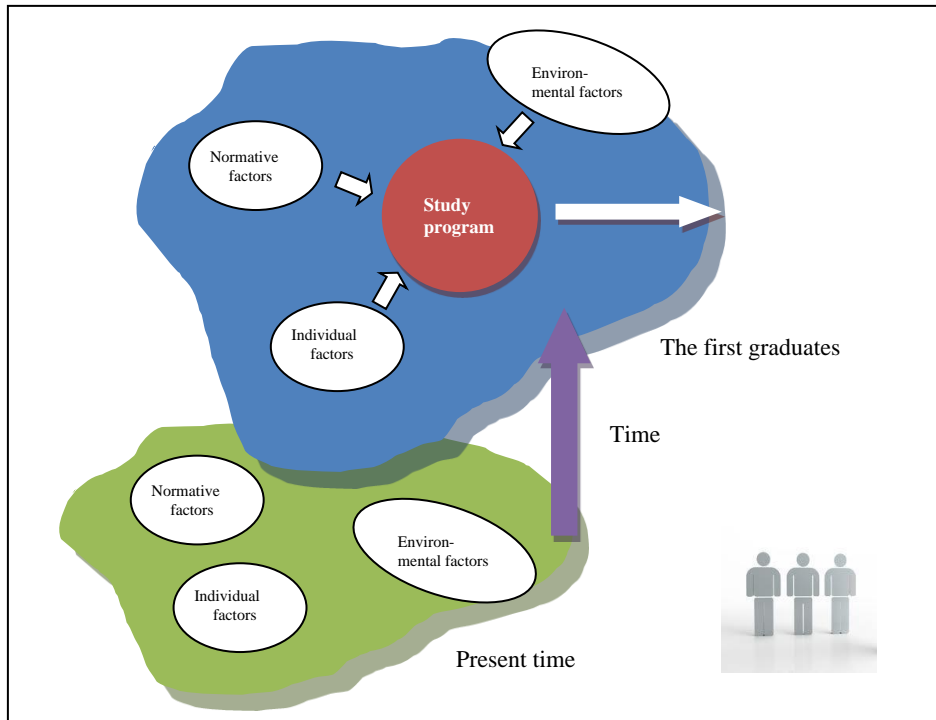


Figure 1: The strategic decision, of planning a study program

In that sense, this paper is involved with the *relevant factors* which are considered to have a leading influence on the competence of the graduates of the study program in the planning stage from two key standpoints, namely, identification and forecasting.

The paper started from the presumption that there are three groups of factors which are significant from the standpoint of planning new study programs, namely: normative factors, factors of the institution settings, and individual factors which impact future students.

From the standpoint of *forecasting*, it can be concluded that the main problem of planning the new study program is to determine the influence of relevant factors, for the reason that it is necessary to determine its values for a time period when the first students enrolled according to the planned study program graduate (Figure 1). In other words, the problem is forecasting the relevant factors and their impact. The planning itself is reduced to forecasting the relevant factors, whose values for the given time moment represent parameters based on which the study program is shaped. In other words, the results of the forecast are now used as feedback information for forming the study program, which will be relevant when the first students graduate in regards to the necessary profiles of graduated experts, their competence and skills, and abilities for inclusion into new social flows, but also enough flexibility to change their work place in the future in the case the employer expresses such a need.

## ***THE THEORETICAL BASIS OF FORECASTING***

Strategic planning corresponds to long-term planning. Depending on how far the horizon of planning is set, long-term planning has less and less elements of planning per se, and it increasingly develops into forecasting. The need to view future social events has also conditioned the development of appropriate methods and planning techniques, that is, planning, depending on the time span and applied method. In that aim, along with experience and intuition, a mathematical system is increasingly used, as well as some other procedures for forecasting the future.

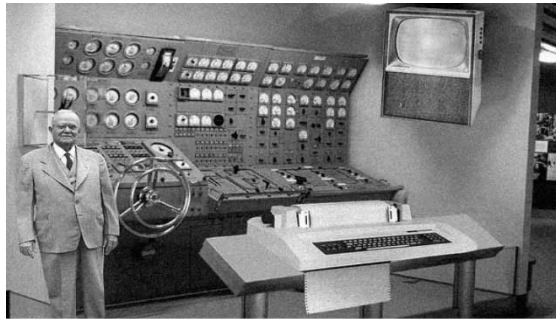
The classical methods and forecasting techniques can be classified into two large groups of methods (Bulat, 2004), namely:

- Methods of forecasting the future based on acknowledged relations which are distinguished mainly by the quantitative approach; and
- Methods of designing future situations which are primarily of a speculative character (where there is an accentuated notional result which is achieved by nothing short of reasoning).

*Methods of planning the future based on known relations* are based on the premise that the future events will take place (in the quantitative as well as qualitative sense) as hitherto, in the past. Maintaining the forecast state of an event or system in the future is achieved by applying statistical data which is processed with appropriate probability by appropriate processing based on mathematical statistics. Here we can include the methods known as Trend Extrapolation, Regression analysis, Business Cycles, Leading Economic Models and Simulations.

*Methods of creating future situations* are based on the premise that maintaining the forecast event or system can be attained by starting from knowledge of the current state of the system and the relevant circumstances, designing the future event via an applicable free combining of the appropriate elements of the existing system. During the designing of the future event, the already established influences, relations, and system structures, as well as other significant parameters, can be changed or even ignored. In other words, while planning the future the existing system can be reconfigured on a new basis, which removes the possibility of a simple replicating of events from the present to the future. Thus, in designing future events, especially prominent is the breadth and extent of the knowledge of the relevant problematic on the part of the participants. Here we can include the methods such as the Delphi-method, the Synectics method (in literature also known as Brainstorming, Brainwriting and the Nominal Group Technique, scenario planning, and the decision tree method.

The mentioned classical methods of forecasting can be used autonomously, as well as combined if so appropriate.



*Figure 2: Forecasting – the RAND Corporation and the 1954 home computer in 2004 (Emery, 2004).*

Numerous forecasts for the future were carried out on the principles of the past methods. In that sense, an especially instructive example is one from 1954 when the appearing of the configuration of a “home computer” by the RAND Corporation was forecast in that 50-year period (2004), Figure 2.

Today many serious future forecasts are made in certain areas based on trends in various areas of social development, for example foretelling the “Extreme future” to 2050 (Canton, 2009), or the physics of the future up to 2100 based on discussions with over three hundred top scientists (Kaku, 2011).

## ***THE FACTORS OF PLANNING A STUDY PROGRAM***

As already mentioned in Chapter 1 - Introduction, this paper focuses on the relevant factors which are considered to have a major impact on the future competence of graduates according to the given study program, and thus the study program should be factored in while planning. In that sense, the factors are considered from two important angles, from the standpoint of the *identification of relevant factors* and *predicting the impact* at a time when students are acquiring future competitiveness.

In the aim of researching the relevant factors, the following categories of factors were identified, namely:

- normative factors,
- factors of the institution setting, and
- the personal factors of the students.

In the further text, the mentioned factors will be explained in more detail, with a special focus on those for which it is significant to be forecast in the future.

## ***NORMATIVE FACTORS***

The most important normative factors are laws, standards and instructions, as well as the general acts of the HEIs.

*Laws.* These factors include laws, the Law on Higher Education as the key most important law in higher education (ZVO, 2014), including other regulations which regulate or have an impact on the area of higher education, such as the Law on Scientific Research Work, Labor Law, the Law on the general administrative procedure, and others. All the mentioned laws are brought by the National Assembly of the Republic of Serbia. Along with the mentioned laws, these factors also include a set of associated by laws, that is, rulebooks which serve to regulate the area of higher education to the letter, such as the Rulebook on the contents of work permits, Rulebook on the contents of public documents issued by higher education institutions, and others. All the mentioned rulebooks are brought by the ministry authorized for higher education.

*Standards and directions.* These factors include the Rulebooks and standards in higher education (KAPK, 2013) (such as the Rulebook on standards and the procedure for accreditation of higher education institutions and study programs, the Rulebook on standards and the procedure for an external quality check of HEIs institutions and study programs, the Rulebook on the standards for self assessment and assessing the quality of HEIs, the Rulebook and standards for an initial accreditation of institutions and programs, the Rulebook on the list of professional, academic and scientific titles, the Standards for the accreditation of doctoral studies in art, the Standards for the accreditation of doctoral studies, recommendations on the conditions for electing lecturers and associates, etc.), as well as Instructions which give details of the carrying of out certain standards. These documents are brought by the National Council for Higher Education.

*General acts of HEIs.* These factors include Statutes and other HEIs acts, such as the Rulebook of enrollment, Rulebook on studying, Rulebook on textbooks, Rulebook on planning, Rulebook on self-assessment and quality check, Rulebook on taking exams, Rulebook on systematization of jobs, the Acton risk assessment, and others. These documents are brought by the managing body, the specialist body or the institution's managing body in accordance with the Law on higher education and other authorized laws.

It is evident that from the standpoint of planning new study programs, all the mentioned normative factors do not have equal influence. The greatest impact on planning study programs is exerted by the normative factors which directly impact and directly determine their planning. However, from the standpoint of forecasting factors it can be concluded that it is hard to determine the impact of normative factors in the future, in accordance with Figure 1, for the reason that it is necessary to assess the impact when the first graduation is expected according to the planned study program. In regards to assessing the impact of normative factors in the future, the following can be concluded:

- The area of higher education of Serbia is to a large extent harmonized with higher education in Europe, and thus a forecast of the impact of normative factors can be reached by following an extrapolating of trends on the level of European higher education, as it is to be expected that the achieved level of harmonization in the future will not decrease, but on the contrary, it will only increase.

- In planning new study programs, the starting point is the existing state of affairs, for the reason that the programs are validated (accreditation and work permits) according to the valid normative factors. Along with this, there is also the obligation of reaccrediting the institution and study programs after 5 years, and this is an opportunity to redesign the study program, if so needed.

## ***ENVIRONMENTAL FACTORS***

The most important factors in the setting category are competition, demographic factors, high school education, companies, employment, new scientific knowledge and the ensuing new technologies, competences for new technologies and occupations.

*Competition.* In considering the factors which have an impact on the changes expected in the future, also to be considered is the issue of competition to the study program. All the existing study programs which have as an exit the same or similar profile of graduate students should also be considered, although this is no guarantee that a new study program of the same or similar exit will not appear in the future. Moreover, the very appearance of a new study program represents a challenge for the competition, from which can be expected a quick response in the guise of a new, innovative or emulated study program. In the aim of planning study programs in the future, here some of the methods for designing future states can be applied, those of a primarily speculative character. In that sense, the brainstorming method is suggested.

*Demographic factors.* Of all the demographic factors which have an impact on the changes which are expected in the future regarding the population, from the standpoint of this paper, the most important factor is the number of students, and thereby the one which expresses the trend of changes of the population in the future, and in connection with this also the potential number of students in the observed moment. In forecasting this factor, there can also occur the extrapolating of the trends of change in the population in Serbia. In that aim, the already finished synthetic statistical reports can be applied, which give a forecast of the population in the Republic of Serbia for the period 2011-2041 (RZS, 2015), and which have been carried out via an analytical method and using the so-called decomposed approach. The application of the analytical method implies that the initial hypotheses relate to the future changes of the components of population movement, in regards to fertility, mortality and migration according to age and gender.

*High school education.* In considering the factors which have an impact on the changes expected in the future, also to be considered is the quality of high school education in the future, considering that entry into the tertiary education system consists of high school students. Thus the quality of graduated high school students will to a significant extent also determine the quality of university students. Of a crucial significance here are the issues concerning the relations of graduated students in schools which last three and four years, the percentage of enrolled students in high schools after finishing elementary school, as well as the percentage of graduates. In taking into account the impact of this factor it is useful to use the Strategy of the Development of Education in Serbia to the year 2020 (SGRS, 2012).

*Companies.* In taking into consideration the factors which have an impact on the changes expected in the future, companies should also be included. This above all means



the assessment of the state of companies. As a convenient means for viewing the changes of the economic environment in the future using an existing forecast may be useful, such as the Strategy and Politics of Development of the Industry of the Republic of Serbia from 2011 to 2020 (SGRS, 2011). Here there is stress on the so-called “innovative economy” which implies industries based on: microelectronics, mechatronics, optical connection of information, bio-technologies, new materials, aero-cosmic technologies, programming, development and application of new technologies in the area of medical and other social services and information and communication systems and traffic management, including industries, which as a result create products and processes, such as advertising and marketing, radio and TV, the film industry, the internet industry, the music industry, classical and electronic publishing, video and computer games, industry of contents for mobile telephony, as well as smaller industrialized cultural and creative industries, such as: architecture, fashion, design, artistic crafts, culture tourism, museum and libraries, visual and performing arts. It would be efficient to plan a study program which trains graduates for the mentioned propulsive industry branches.

*Employment.* In considering the factors which impact the changes expected in the future also to consider is the issue of possible employment, and in that sense the state of the labor market of Serbia in the future. For the planning of the future labor market, it would be useful to use the already existing document Study–Assessment of the Impact of Politics in the Area of Employment, which gives a Projection of movement on the labor market 2010–2020, especially from the standpoint of the expected measures, guidelines and priorities (Arandarenko et al. 2013).

*New scientific findings and technologies.* In considering the factors which impact the changes expected in the future, also considered should be the issue of new scientific findings and the ensuing new technologies. This is so due to the fact that new scientific findings can contribute to creating new study programs or their significant modifications, in the aim of adapting to newly occurring situations. According to the results of some research (BIZ, 2013), the economically most significant technologies in the following decades will be the ones which are developing now – mobile internet, which is ever present even in developing countries; the automatization of intellectual work – novelties such as computerized voices which can carry out the function of user services; the Internet of things – an organization of physical objects similar to the internet, for example for supervising the flow of products through a factory; and cloud computing – storing data on servers which are accessed via the internet.

*Competencies for new technologies.* New scientific findings and the ensuing new technologies as a rule also demand new competencies of employees. In that sense, in considering the factors which impact the anticipated changes in the future, also to be considered is the issue of the needed competencies for new technologies. Thus, the EU has developed and adopted a referential framework of the key competencies which represents an endeavor to secure on a macro level an understandable and well balanced list of key competencies needed for successful employment. The key competencies according to the mentioned referential framework are the following: communication in the maternal tongue, communication in a foreign language, mathematical literacy and the basic competencies in science and technology, digital competencies, the ability of learning, interpersonal and social competencies, entrepreneurship, awareness of culture and expressing through the culture of the new profession (MNG, 2015).

*New professions.* In accordance with considering the issue of new scientific findings and the ensuing new technologies, as well as the needed new competencies of employees, it is also necessary to consider the issue of future new professions. In that sense, the results of some forecasts on this topic may be quite interesting. Certain occupations, today known as librarians, postmen or tailors will be redundant in the near future, and there will appear completely new occupations such as for example “city farmers” and experts for bionic prosthetics. In the aim of considering new occupations in the future, it is useful to use Atlas 100 new occupations (ANP, 2014), developed by the Moscow School of Management Skolkovoin Russia. All occupations were classified into 19 business sectors (biotechnology, medicine, production of electrical energy and storing energy, natural transport, water transport, aviation, space, new materials and nanotechnology, the IT sector, extracting and processing ores and minerals, construction, robot technology and mechanical engineering, the financial sector, ecology, management, the social area, education, the toy industry).

## ***INDIVIDUAL STUDENT FACTORS***

In the category of individual student factors, the most significant are preferences and the motivation of future students.

*Preferences.* In considering the factors which have an impact on the choice of potential students, also considered should be the issue of the preferences of students. According to (AHP, 2007) this issue can be presented in the following way. If the potential student has a choice of the type of studies, then the student has at his or her disposal a larger number of study programs, which can differ according to different bases, namely: according to the type of studies (academic or vocational studies), the type of scientific field (studies in the area of social-humanities, technical-technological, natural, medical and art sciences), the way of carrying out the studies (the traditional way or distance learning), based on the location of the higher education institution (place of residence or another place), etc. According to this, the student has a choice of study programs, generally speaking, SP1, SP2, SP3, ... SPn. In order to be able to make a decision of the choice of study program in accordance with his or her own preferences, the student must introduce certain criteria for choosing a study program, such as for example: the possibility of enrollment, interest for studies, the simplicity of studies (degree of difficulty of the study program), the possibility of employment after graduating, and others. Thus, the problem is reduced to multi-criteria decision-making, where some of the methods of multi-criteria decision-making can be of help.

*Motivation.* In considering the factors which have an impact on the choice of potential students also to be considered is the issue of the motivation of students to study. Study programs, by way of the various attractive possibilities which they offer, compete to draw the attention of graduated students – potential students, first to enroll and then to motivate them as students to focus and maximally engage them to graduate. This is not an easy task, if we take into consideration the fact that it is increasingly hard to find a way to motivate students to work hard for several years on tasks of learning and mastering the study program. Some of these ideas can be useful in the planning of a new study program and can be summarized by the following:

Potential students need to be told what it is that they will have to do to be successful and competitive in a rapidly changing world, that is, “How to be successful in life”;

Of a special importance is the personal accessibility of the promoter of the study program, which should show interest in the queries of potential students and their problems and aims, namely: What are they planning to do in the future? What do they like?

Potential students will be much more interested in dedicating themselves to learning activities which hold their interest if they can comprehend how their needs can be met, be that long-term or short-term (Harris, 2012).

## ***CONCLUSION***

Each new study program introduced by an HEI is a story in itself, as it demands a serious study about graduates in regards to their qualifications; the possibility of employing the graduates; the appeal of the future professions, as well as numerous other important issues.

The introduction of a new study program by a HEI is a strategic decision as it concerns long-term planning, and the decision is brought for a period which is usually longer than 5 years. Considering that long-term planning gradually develops into forecasting, the issue of planning a new study program must also be approached from the standpoint of forecasting the future. Thus this paper considers some of the possibilities of planning, with a special focus on their possible application in planning a new study program.

A number of factors have an impact on planning a new study program, which in this paper are firstly identified as key factors and according to the authors, the planners of a new study program should pay special attention to them. The mentioned factors are classified into three categories, namely: normative factors; factors of the institute setting and the personal factors of future students. Within these basic categories, there are also subcategories of factors. Each factor subcategory is explained in full detail, especially from the standpoint of possibilities of how to be taken into consideration during the planning of a new study program.

It is evident from the analysis of relevant factors that planning a new study program is an especially complex venture which demands a systematic approach and a comprehensive view of the future. From these reasons, it is desirable that bringing key decisions concerning the planning of a future study program is carried out by a team, and via brainstorming along with an active participation of a larger number of participants, possibly of a multidisciplinary direction. The participants of brainstorming are expected to have good in-depth as well as extensive knowledge, a number of the mentioned relevant factors, as well as to have the ability to assess their impact in the future.

The final decision regarding a new study program should be brought only after all the relevant factors have been taken into consideration.

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## **VOCATIONAL INTERESTS AND WORK VALUES OF SECONDARY SCHOOL STUDENTS**

*Snezhana Ilieva PhD<sup>8</sup>*

*Elena Altimirska PhD<sup>9</sup>*

### **ABSTRACT**

*Vocational interests and work values of 641 graduate students are researched in the study. Professional interests are categorized in 12 groups that correspond to professions and specialties in secondary and higher education in Bulgaria. Dominating interests of students are towards Economic, administration and law sciences. There are gender differences in vocational interests, as girls have interests in Education and social sciences, Arts, Agriculture, Veterinary Medicine, Ecology, Services in hotels, tourism, cosmetics, hairdressing and Humanitarian sciences. Boys' interests are towards typically male professions in Sports, Security, defence, army, Technical sciences, mining and production technologies, Architecture and construction, Natural sciences, mathematics and IT. Students attribute higher significance to utilitarian values, followed by power and achievement values than to Aesthetic, Social and Individualistic values. Interrelations between vocational interests and work values are established. Utilitarian values are typical for vocational interests in the area of Economic, administration, law sciences and to lower extent for professions in Agriculture, Veterinary Medicine, Ecology, Education and social sciences, Arts and Services. Independence is valuable for all groups of vocational interests except for Architecture and Construction and Technical sciences, mining and production technologies. Power is significant for interests in Economic, administration, law sciences, where there are possibilities to exert influence, and to lower degree characterize vocational interests in Sports, Humanitarian sciences, Services, Agriculture, Veterinary Medicine, Ecology, and Education and social sciences. Social values are characteristic for interests in professions in which there is direct interaction with people and are not valuable in interests for work with ideas and objects as architecture and construction and technical sciences. Creativity, self-expression, achievements and challenges are highly valued when there are vocational interests in Economic, administration, law sciences and are not regarded important for professions connected to ideas, data and objects and to healthcare.*

**Key words:** *Vocational Choice, School Career Guidance, Vocational Interests, Work Values, Gender Differences*

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<sup>8</sup>Snezhana Ilieva, Sofia University "St. Kliment Ohridski", Sofia, Bulgaria, sn\_ilieva@abv.bg

<sup>9</sup>Elena Altimirska, Consulting Company Business effect, Sofia, Bulgaria, elena.altimirska@businesseffect.bg

## ***INTRODUCTION***

Professional choice, career development and consequences of personality-vocation fit are fundamental aspects of vocational psychology. Professional orientation and career consulting have more than 100-year tradition in psychology, dating back to 1909, when F. Parsons set the foundation of this branch with his book „ Choosing a vocation“. Various instruments for assessment of personal abilities and interests are developed in time, and research areas are formed. They study the personal and situational factors that determine the professional choice and career development, and the consequences of professional choice and career for work and life satisfaction, health and well- being, and work stress copying mechanisms (Saviskas, 2003, 2011).

Professional interests have leading role in theory and practice and various assessment instruments are developed. The most established tools are those of E.Strong and F.Kuder, that have several modifications. E. Strong creates his questionnaire on vocational interests in 1927 and it is still widely used and regularly updated (Donnay, 1997). In newer modifications, Strong's ideas are combined with the typology of J. Holland (Staggs, 2004). The questionnaire introduces a new approach to assessment of interests (Zytowski, 2001), where individual is not compared to group norms in a profession, but to norms of respondents with similar results from wide range of professions (Ihle-Helledy, Zytowski, Fouada, 2004).

Major focus in studying vocational interests is put on their structure, their relations to the professions, as well as on their application in the process of career orientation and consultation (Tracey, Sodano, 2013). J.Holland's theory of professional types is probably the most popular and applicable to professional choice, as well as to choice of career and organizational environment. He distinguishes 6 personality types presented as a hexagon - Realistic (R), Investigative (I), Artistic (A), Social (S), Enterprising (E) and Conventional (C) and they are commonly referred to as RIASEC interest types (Holland, 1973; 1976). Holland's typology was first created in 1959, and for more than 50 years now it proves its importance for career development and consultation (Nauta, 2010). The model allows the relationship between six vocational types to be described by a circular order model where the proximity between types defines three levels of similarity of interests. The most similar are the neighboring types of interest, the less similar are the types that are separated by another type that lies in between them and the least similar are the opposing types of interests.

Prediger suggests another structure of interests that completes Holland's model and finds relation between types of interests and professions. In Prediger's model the hexagon is based on two dimensions (1982; 1998; Prediger, Swaney, 2004). He defines these dimensions as People-Things and Data-Ideas. The first dimension passes through nodes where Social and Realistic types are, while the second is orthogonal to it and runs between Investigative and Artistic, and Conventional and Enterprising. Additionally, a third dimension is introduced, which is defined as Prestige, where professions are assessed as high or low prestigious (Tracey, 2002). As a result, a spherical model of vocational interests is created. It includes the basic types of interests, professions with high prestige and professions with low prestige.

Other fundamental aspect of career consultation is related to values. Part of typologies of values used in career orientation and development are based on the views of Allport, Vernon, Lindzey. They start their study in 1930s and determine 6 basic types of values (Allport, Vernon, Lindzey, 1951). Theoretical values focus on finding the truth by critical and rational

approach. In Economic values the benefit and practical approach, including strive for welfare, are leading. In Aesthetic values the beauty, forms and harmony are most important. Social values treat people, human relations and love as most important. Political values are related to acquisition of power and influence. Religious values include the wholeness of experience and understanding of the world and the universe in general (Allport, Vernon, Lindzey, 1951).

Since its first application in 1931, the questionnaire of value assessment turns into the third mostly used and referred to non-projective psychological instrument. It shows impressive proofs of validity and predictability of professional choices, career development and behavior in organizations (Kopelman, Rovenpor, 2006). There are gender differences in values and interests, that are manifested in professional choice and career preferences (Lubinski, Schmidt, Benbow, 1996). Women are more oriented to social values, and for men economic and political values are more important. It allows the distinction of typically male and female values to profession and work, as women prefer professions with predominantly interpersonal relations, whereas men are oriented to non-personal professions connected to “doing the things” (Lippa, 1998).

It is important to integrate professional orientation and career consultation in theory and practice (Watkins, Saviskas, 1990). Professional orientation uses methods for alignment of measurable personal traits and skills with results that are typical for various professions, that include self-assessment without a consultant. Nowadays, computer-based programs are used for career planning. Career consulting focuses on subjective experience and relations with a consultant, as career possibilities are disclosed by self-assessment and interpretation of the sense clients attribute to themselves, their work and life (Watkins, Saviskas, 1990).

Integration of self-assessment of personal interests, abilities and values with career consultation allows the process of choice of profession and career to be improved. For the purpose, it is important to use diagnostic instruments that could be applied without a consultant, but that provide guidelines for career consultation, when necessary. Usage of questionnaires in the process of professional orientation is highly important in choice of specialty in secondary schools and higher education, because this choice determines the consequence of following career choices.

## ***METHODS***

### ***INSTRUMENTS***

Questionnaires for career orientation were created as part of Project BG051PO001-4.3.02 „System for career orientation in schools”, with the financial support of European Social Fund by Operative Program „Development of human resources“ 2007-2013 ordered by Ministry of Education and Science. They are aimed at career orientation of students in different stages of secondary schools in Bulgaria:

- **Questionnaires for students in 7- 8 grade:** explore their interests, abilities and preferences (include preferred subjects studied in the respective grade; they are not described in this study) to professions and profiles in 12 groups of professions.



- **Questionnaires for students in 11 – 12 grade:** explore their interests, abilities, preferences and values, related to specialties in higher education in the same 12 groups of professions (described below).

In the present study, the questionnaires for interests and values of students in 11-12 grade are presented.

The creation of questionnaires went through the following stages:

**Stage 1** – definition and categorization of groups of professions and generation of items

**Stage 2** – approbation of questionnaires in initial testing of students with representative sample for Bulgaria.

The testing was conducted in May 2014 (15-25 May 2014) and included 1011 students in 11-12 grade from the whole country.

**Stage 3** – second testing, analysis of data and corrections. The second testing was conducted in June 2014 (13-30 June 2014) and included 673 students from 11-12 grade from the whole county.

**Stage 4** – finalizing the questionnaires and their integration in Information-searching system that is operating from May 2015 on the following address: [www.orientirane.mon.bg](http://www.orientirane.mon.bg).

The questionnaires for career orientation aim at helping students in Bulgaria in their choice of appropriate education and preparation for future professional realization. They study the direction the students have to certain professions and specialties that could be studied in secondary and higher education institutions in Bulgaria.

The questionnaires for career orientation for students in 11-12 grade identify their interests, abilities, preferences and values related to 12 groups of professions.

The specialties studied in higher education institutions are categorized in 12 groups, that represent the subscales of the questionnaires of interests, which are the following:

1. Economics, administration, law sciences
2. Agriculture, Veterinary Medicine, Ecology
3. Education and social sciences
4. Healthcare
5. Sports
6. Arts
7. Services in hotels, tourism, cosmetics, hairdressing
8. Security, defense, army
9. Technical sciences, mining and production technologies
10. Architecture and construction
11. Humanitarian sciences
12. Natural sciences, mathematics and IT

## ***QUESTIONNAIRE ON INTERESTS***

The questionnaire explores the professional interests of students in secondary school in 11-12 grade and consists of 91 items. The following 3-point evaluation scale is used for each item: "I am not interested at all", "I am interested to some extent", "I am very interested in it". The instrument has very high psychometric indicators – the Cronbach alpha for the first testing is 0,937, and for the second testing - after some of the items with lower results were corrected, the alpha is 0,960. The results show high scores of Cronbach's alphas for all subscales. The only subscale with alpha under 0.70 in second testing is for Humanitarian sciences (0.643). This might be due to the fact, that interests in this scale are diverse and refer to different professions and specialties that are combined in one subscale. In general, in second testing there is increase of alphas in almost all scales. It shows that the corrections that were made (some items were deleted, others were edited or added) contributed to the improvement of the scales.

Based on the second testing some indicators for the test-retest analysis were measured. They show very high significance as the correlation coefficients vary between 0,381 и 0,652 for the instrument subscales.

## ***QUESTIONNAIRE ON VALUES***

The instrument consists of 18 items distributed in the following groups:

*Utilitarian values* are related to strive to receive return of efforts in various financial and material incentives – high salary, bonuses, good working conditions, etc. People with high scores on Utilitarian values prefer professions in Economy and Business sciences, Entrepreneurship, Management, etc.

*Individualistic values* are related to the desire to have more independence in work, to work by oneself on tasks and goals and to rely mainly on oneself in work. People with high scores on this scale prefer professions in Business, Arts, Natural Sciences, Agriculture, etc.

*Power values* are related to the desire to have power and influence in work, to manage people and to take responsibility for them, to get higher positions in the organizational hierarchy. People with high scores here prefer professions in Economy and Business, Administration, Law, Security and Defense, etc.

*Social values* are related to the desire to help and serve others, to have regular contacts with people and to contribute to their development and well-being. People with high scores in social values prefer professions in Healthcare, Social and Educational Sciences, Security and Defense, etc.

*Aesthetic values* are related to the strive to express oneself and ideas through art or other creative forms, to create something new, to suggest innovative solutions, to develop talents and to enjoy harmony and beauty around themselves. People with high scores here prefer professions in Arts, Architecture, Humanitarian sciences, etc.

*Achievement values* are related to the desire to overcome various challenges, to do diverse tasks, to have high achievements in work. People with high scores in these values prefer professions in Economy and Business, Law, Arts, Sports, Security and Defense, Architecture, Technical and Natural Sciences, etc.

The evaluation scale is 3-point with the following options for each item: “It is not important for me at all”, “It is important to some extent”, “It is very important for me”.

The instrument has very good psychometric indicators – Cronbach’s alpha for the whole scale is 0.896 for the second testing. No corrections were made in the instrument after the first testing. Based on the second testing, the indicators for test-retest analysis were measured. They show very high levels of significance, and the correlation coefficient vary between 0,333 and 0,549 for the subscales.

## ***SAMPLE***

The sample includes 673 students who participated in the second testing, 641 of whom completed all the questionnaires for career orientation. 300 (46,8%) are boys, and 341 (53,2%) are girls. Dominating part of the sample include students in 11<sup>th</sup> grade (97%). 56% of respondents are 17-year old, 40,9% - are 18-year old, only 1,1% - are 16-year old, and 2% are over 18-year old. 32,3% study in state schools, and 67,7% - in municipal schools. In accordance to school type - 32,6% are students in professional schools, 38,2% - in profiled secondary schools, 28,2% - common secondary schools and 1% in specialized sports schools.

## ***RESULTS***

The data were processed with SPSS 19.0 and the following analysis were conducted: descriptive statistics (mean values and standard deviations), one-way ANOVA and correlation analysis.

The results of descriptive statistics are presented in Table 1. They show that students in 11-12 grade have higher interests in Economy, Administration and Law sciences, followed by Arts and Social and Educational Sciences. Traditionally, Economy and Law, as well as Social and Educational Sciences are well presented in higher education in Bulgaria and attract big number of candidates. Unlike professions in Arts, that are also attractive for students, but need special abilities, for professions in Economy, Law, Social and Educational Sciences the general abilities are important. It is stands out the comparatively low interest in such important professions as Healthcare, Technical and Engineer sciences, Architecture and Constructions, which are very vital for the society and where there is deficit of prepared experts.

*Table 1: Means and standard deviations in vocational interests*

Vocational interests	Mean	Std. Deviation
Economics, administration, law sciences	2,1708	,37645
Agriculture, Veterinary Medicine, Ecology	1,9431	,48278
Education and social sciences	2,0164	,49234
Healthcare	1,6651	,59322
Sports	1,8141	,60033
Arts	2,0298	,48628
Services in hotels, tourism, cosmetics, hairdressing	1,8869	,56100
Security, defense, army	1,9142	,54687
Technical sciences, mining and production technologies	1,7379	,55811
Architecture and construction	1,5797	,57033
Humanitarian sciences	1,7897	,46038
Natural sciences, mathematics and IT	1,7637	,46308

Results of one-way ANOVA analysis confirmed the presence of statistically significant differences in gender for the bigger part of vocational interests (Table 2). These differences are expressed mostly in Technical and Production Sciences, Social and Educational Sciences, Architecture and Construction and in Services. There are no statistically significant differences in two groups – in Economics, Administrative and Law Sciences and in Healthcare, which means that these professions are equally suitable for both men and women.

Girls have interests in the following areas:

- Agriculture, Veterinary Medicine, Ecology
- Education and social sciences
- Arts
- Services in hotels, tourism, cosmetics, hairdressing
- Humanitarian sciences

*Table 2: Results of one-way ANOVA for differences in vocational interests with regard to gender*

Vocational interests	Means for Male	Means for Female	F	Sig.
Economics, administration, law sciences	2,1497	2,1894	1,775	,183
Agriculture, Veterinary Medicine, Ecology	1,8767	2,0015	10,828	,001
Education and social sciences	1,8956	2,1227	35,811	,000
Healthcare	1,6267	1,6989	2,373	,124
Sports	1,9017	1,7370	12,211	,001
Arts	1,9543	2,0962	13,854	,000
Services in hotels, tourism, cosmetics, hairdressing	1,7775	1,9831	22,152	,000

Security, defense, army	1,9760	1,8598	7,273	,007
Technical sciences, mining and production technologies	1,9837	1,5217	131,672	,000
Architecture and construction	1,7053	1,4692	28,533	,000
Humanitarian sciences	1,7337	1,8390	8,451	,004
Natural sciences, mathematics and IT	1,8337	1,7022	13,117	,000

Vocational interests and preferences of boys are for activities that are traditionally seen as male, such as:

- Sports
- Security, defense, army
- Technical sciences, mining and production technologies
- Architecture and construction
- Natural sciences, mathematics and IT

Results of descriptive statistics for work values of students in 11-12 grade are presented in Table 3. Although the means are similar, students attribute highest significance to utilitarian values, followed by power and achievement values. Students prefer material and pragmatic values, and values of diversity, challenges and high achievements.

*Table 3: Means and standard deviations in working values*

Values	Means	Std. Deviation
Utilitarian	2,5959	,44040
Individualistic	2,3989	,47639
Power	2,5091	,43377
Social	2,3952	,48750
Aesthetic	2,4327	,49443
Achievement, diversity, challenges	2,5101	,50615

Aesthetic, Social and Individualistic values are also important, but are ranked lower in value hierarchy of students in comparison to Utilitarian, Power and Achievement values.

Results of one-way ANOVA show statistically significant differences in work values with regard to gender. They are highly expressed for Social and Achievement values (Table 4). It was hypothesized that men would have higher scores in Power, Individualistic and Achievement values, whereas women would attribute more importance to Social and Aesthetic values. Results did not confirm these assumptions, which reflects the distinction between typically male and female values. Women have higher scores in all work values in comparison to men, which may show that professional and career choice will be influenced by the degree to which these values could be achieved.

*Table 4: Results of One-way ANOVA for differences in work values with regard to gender*

Values	Means for Male	Means for Female	F	Sig.
Utilitarian	2,5156	2,6667	19,328	,000
Individualistic	2,3244	2,4643	14,039	,000
Power	2,4367	2,5728	16,096	,000
Social	2,2633	2,5112	44,047	,000
Aesthetic	2,3633	2,4936	11,264	,001
Achievement, diversity, challenges	2,3744	2,6295	43,205	,000

Results of correlation analysis show significant relations between vocational interests and work values (Table 5).

*Table 5: Results of correlation analysis on relations between vocational interests and work values*

Vocational interests	Values					
	Utilitarian	Individualistic	Power	Social	Aesthetic	Achievement, diversity, challenges
Economics, administration, law sciences	,356**	,380**	,364**	,355**	,444**	,400**
Agriculture, Veterinary Medicine, Ecology	,114**	,362**	,161**	,439**	,163**	,232**
Education and social sciences	,170**	,405**	,196**	,462**	,217**	,324**
Healthcare	,032	,329**	,014	,358**	,066	,090
Sports	,063	,249**	,105**	,270**	,137**	,140**
Arts	,162**	,344**	,195**	,390**	,171**	,371**
Services in hotels, tourism, cosmetics, hairdressing	,100*	,203**	,140**	,302**	,184**	,217**
Security, defense, army	,047	,284**	,074	,284**	,139**	,123**
Technical sciences, mining and production technologies	-,064	,027	-,030	-,069	,027	-,027
Architecture and construction	-,076	,065	-,031	,018	,050	,012
Humanitarian sciences	,060	,268**	,124**	,271**	,131**	,191**
Natural sciences, mathematics and IT	-,013	,223**	,020	,177**	,070	,066

\*\* . Correlation is significant at the 0.01 level (2-tailed).  
\* . Correlation is significant at the 0.05 level (2-tailed).

Vocational interests in groups of Economics, administration, law sciences, Social and educational sciences, Agriculture, Veterinary Medicine, Ecology, Healthcare, Arts and Services correlate to all types of values and the correlation coefficients are low to medium. Preferences for professional choice in Architecture and construction and Technical sciences, mining and production technologies do not correlate to any of the work values.

In Sports and Humanitarian sciences groups, no correlation is established only for Utilitarian values. In both groups of vocational interests, the highest relationship is observed for Individualistic and Social values. Professional orientation to Security, defense, army group also does not correlate to Utilitarian values, as well as to Power values. These results do not coincide with the assumption that people with high Power values scores would have interests in this professional group.

Interests in Healthcare and Natural sciences, mathematics and IT correlate to Individualistic and Social values. For vocational interests in Healthcare, that are related to almost equal extent to Social and Individualistic values, the correlation to Social values is in alignment with professional characteristics for helping and taking care of people. Individualistic orientation to independence is typical for professional choice in Natural sciences, mathematics and IT. These professions relate to working with data and ideas and are not oriented directly to people and therefore, no interrelation with Social values was expected.

## ***DISCUSSION***

The statistical results allow outlining the profile of vocational interests and work values of graduates of secondary schools in Bulgaria and the gender differences in them than need to be considered in the process of career orientation and consultation of young people. Gender differences in vocational interests are established, as the traditional orientation to typically male professions is preserved. These male professions include working with materials, ideas and data, whereas typically female professions are oriented primarily to working with people. Preferences of graduating girls along with working with people, include orientation to nature, agriculture, ecology and veterinary medicine. For boys, vocational interests in Economics, administration, law sciences dominate, and for the rest of the professional groups there are no expressed preferences. For girls, vocational interests on first place are also in that professional group, but they are complimented by interests in Social and Educational sciences, Arts, and Agriculture, Veterinary Medicine, Ecology.

Dominating vocational interest are in alignment with many environmental factors, among which the existing system of higher education in Bulgaria, the popularity of certain professions in society and opportunities for realization on labour market of graduates. Orientation to professions in Economics, administration, law sciences, as well as in Social and Educational sciences, is due to the accessibility and popularity of these specialties in higher education, as well as to the relatively good possibilities for finding jobs after graduating higher education. To high extent, these professional spheres require broad and universal, but not specialized preparation; they create flexibility in searching for job and suppose quick adaptation to work and high achievement in case all the necessary individual abilities and organizational conditions are present. The established interrelation between interest in these professions and all work values support the assumption that they may satisfy various personal needs in the working process.

For the choice of economical, administrative and law specialties, Aesthetic and Achievement values have significant importance, whereas Utilitarian and Social values

have lower interrelation. Utilitarian values are determined as leading ones for these professions, but in the researched sample of students the interest to them is determined more by self-expression, achievement, challenges and personal independence. Compared to other vocational interests, Utilitarian values have medium correlation to this professional sphere, correlate to low extent with interests in Social and Educational sciences, Arts, Agriculture, Veterinary Medicine, Ecology, and Services. There is no interrelation between Utilitarian values and other professional groups.

It is confirmed that the interests in Social and educational science depend on Social values, as strive for personal independence and desire for achievement and challenges are very important. Interest in Arts, which is also leading in students, reflects personal preferences and desires, but in orientation to profession, it should be considered that these professional activities require specific abilities. Creativity, self-expression and aesthetic values that are determined as leading in the choice in these professional sphere, have low correlation; but orientation to others, achievements, challenges and individual independence would determine to higher extent the choice of education and realization in the sphere of Arts.

It is observed that there is relatively weak interest in professions in Services, where the opportunities for finding job are practically high. Probably, it is determined by the lower prestige of these professions and the traditional view that for young people these are part-time jobs that may not provide professional realization and career development. Weak interest is observed for professions in Humanitarian sciences, Natural sciences, mathematics and IT and Technical sciences, mining and production technologies, which might be due to the fact that they require specific linguistics and mathematical individual abilities. Professions with high prestige as architecture and construction and healthcare are interesting to students to the lowest degree. It may be attributed to the high requirements for enrollment in these specialties and the necessity to put great and continuous efforts to acquire professional qualification and career development, as well as the limited and unattractive opportunities for work right after graduation of higher schools.

Based on correlation analysis the leading values in various categories of vocational interests could be outlined. Work values are important, since vocational interests may determine the orientation to choosing specialty and profession, whereas values are important not only in choosing profession, but also in choosing organizational environment for professional realization and career development. Certain vocational interests might interact with different types of values, and simultaneously in a given profession, people value various aspects of work and strive at satisfying wide range of needs. Regardless of vocational interests, individual independence, incentives, power and influence, achievements, challenges and self-expression are important, as personal value priorities may vary in the same profession. Domination of certain values guides the choice of certain professions, e.g. Social values determine interest in professions related to people, whereas other values – as power, independence, achievement may guide to professions or to possibilities of career in different organizational environments.

Utilitarian values are typical for vocational interests in the area of Economics, administration, law sciences and to lower extent for professions in Agriculture, Veterinary Medicine, Ecology, Education and social sciences, Arts and Services. Independence is valuable for all groups of vocational interests except for Architecture



and Construction and Technical sciences, mining and production technologies, as is expressed to highest degree in interests in professions in Social and Educational sciences. Power is significant for interests in Economics, administration, law sciences, where there are possibilities to exert influence, and to lower degree characterize vocational interests in Sports, Humanitarian sciences, Services, Agriculture, Veterinary Medicine, Ecology, and Education and social sciences. It is characteristic for professions where there is relation with people, as the professions that include working outside and are oriented to nature as agriculture, veterinary medicine and ecology are exceptions. Vocational interests dealing with ideas, data and objects as Architecture and construction, Technical sciences, mining and production technologies do not correlate to Power, as well as interests in Healthcare and Security, Defense, Army, where the leading values are Social and Individualistic.

Social values are characteristic for interests in professions in which there is direct interaction with people or the working results have indirect effect on people as agriculture, veterinary medicine and ecology and IT and are not valuable in interests for work with ideas and objects as architecture and construction and technical sciences. Creativity and self-expression are highly valued when there are vocational interests in Economics, administration, law sciences. Achievements and challenges are important for interests in Economics, administration, law sciences, Arts and Social and educational sciences. Creativity, self-expression, achievements and challenges are not regarded important for professions connected to ideas, data and objects and to healthcare.

## ***CONCLUSION***

Results from the present study provide the opportunity to diagnose and establish vocational interests and value priorities of graduate students in secondary schools that are outlined in the process of career orientation and development. Incentives, challenges, achievements and power are mostly preferred by students that make them look for professions and jobs in congruence with those values. Value profiles of boys and girls lead to the conclusion that in their choice of profession, search for job and career planning, they would be led primarily by pragmatic motives connected to payment that is in alignment to their vocational interests in the sphere of Economic, law and administrative professions. Choice of profession and career will be determined by the possibility to have well paid, as well as interesting and challenging job, that provides diversity and high achievements. Additionally, they would like to exert power and influence in the process of work. Social values, individual independence, creativity and self-expression are not so dominant in choice of profession. Leading vocational interests in both genders are in the area of Economic, administrative and law sciences, whereas the distinction between typically “female” vocational interests to work with people and typically “male” interests to work with objects and data is preserved.

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## ***SELF-REGULATED LEARNING DURING THE PROFESSIONAL PREPARATION OF STUDENTS***

*Yoana Yankulova PhD<sup>10</sup>*

*Yavor Iliev<sup>11</sup>*

### ***ABSTRACT***

*This report presents data from a large study, which included 663 students from 6 Bulgarian universities. With Revised Approaches to Studying Inventory (RASI) (Duff, 1997) 4 approaches to the Bulgarian students' learning are differentiated - surface, deep, strategic, self-reflection and self-preparation. After performed statistical processing there was discovered a statistically significant impact of the specialty on different approaches to learning of students in the course of their professional training.*

**Key words:** *Self-Regulated Learning, Approaches to Learning, Specialty, Academic Settings*

**JEL Classification:** *I20*

**UDC:** *37.015.3:159.953.5-057.875*

*378-058.875(497.2)*

*378.6(497.2)*

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<sup>10</sup>Yoana Yankulova, Sofia University "St. Kliment Ohridski", Sofia, Bulgaria, [jankulova@phls.uni-sofia.bg](mailto:jankulova@phls.uni-sofia.bg)

<sup>11</sup>Yavor Iliev, Sofia University "St. Kliment Ohridski", Sofia, Bulgaria, [mtelwork@abv.bg](mailto:mtelwork@abv.bg)

## ***INTRODUCTION***

Self-Regulated Learning refers to the process of individual learning, also predetermined and directed by self-regulated thoughts and actions, thanks to which pre-defined objectives are achieved. This means that Self-Regulation Learning can not be equated only to processing of the incoming information, to discovery of new laws or the development of skills in reading, writing and problem solving. The effect of this phenomenon covers such forms of social learning as modeling thoughts, guidance and leadership of the behavioral manifestations, emotional and self-adaptation to changing environmental conditions. The key point that makes learning a self-regulatory process, is personal initiative and persistence in carrying out predetermined socio-educational objectives. More about the specifics of individual motives for self-regulation and self-training can be taught through approaches to learning that students apply in the course of professional training in an academic environment (Yankulova, 2012).

As a result of numerous studies conducted to date three main orientations in the process of learning in the academic context are differentiated (Marton ,Saljo, 1976; Biggs, 1987; Entwistle, Tait, 1994; Trigwell, Prosser, 1991; Sadler-Smith, 1996). One orientation is to generate information and knowledge corresponding to cases in which the surface approach to learning dominates. In such cases, the effort is put into mechanical learning of the material and storing more facts and details. The second orientation is to learning in depth (deep approach to learning) when investing efforts to raise awareness and understanding of the curriculum material in the use of prior knowledge and learning and life experience. The third orientation is to the achievements in terms of better organization of learning (strategic approach to learning) and corresponds to the goals and aspirations of students to achieve excellent learning outcomes and personal satisfaction from direct involvement in the learning process.

## ***RESEARCH METHOD AND SAMPLE***

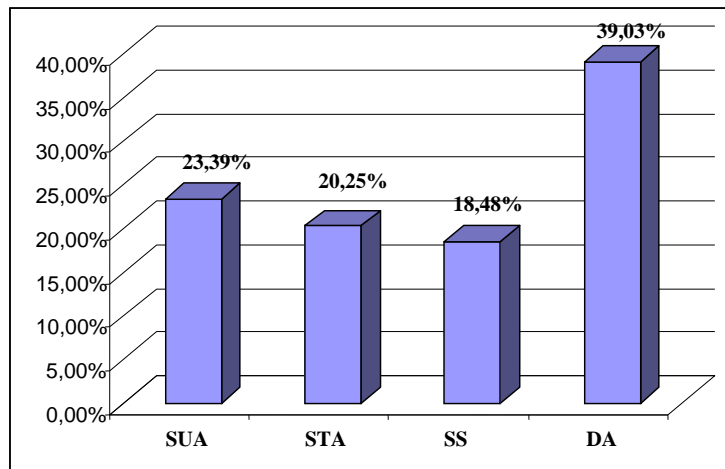
The aim of the study conducted in Bulgarian conditions is to establish what approaches to learning students apply and what is the impact of professional training that occurs within the studied specialty on them. In this regard, we assume that students will apply different approaches to learning, but mainly will invest effort in deep learning. We assume also that professional training in the specialty studied will have a statistically significant influence on the different approaches to learning.

Object of the conducted psychological research are 663 students from 6 Bulgarian universities (Technical University, city of Sofia - 50 people / 7.6%, the National Sports Academy "Vasil Levski", city of Sofia - 104 people / 15.9%, Shumen University "K. Preslavski" - 28 people / 4.3%, Sofia University "St. Kliment Ohridski" - 193 people / 29.4%, the National Military University "Vasil Levski", city of Veliko Tarnovo - 228 people / 34.8% University of Architecture, Civil Engineering and Geodesy, city of Sofia - 23 people / 8.1%). The respondents study different specialties which are united in several major groups as follows: Social Sciences - 62 students (9.4%), Educational Sciences - 217 (32.7%), Philological Sciences - 46 (6.9%) Computer Science - 122 (18.4%), Economic Sciences - 163 (24.6%), Engineering - 53 (8%).

For the purpose of the survey, Revised Approaches to Studying Inventory (RASI) (Duff, 1997) is applied, and the data obtained was statistically processed using the program SPSS. The following factor analysis identified four approaches to learning - "surface", "deep", "strategic", "self-reflection and self-preparation", and an interesting fact is that the last factor is distinct only among Bulgarian respondents (Yankulova, 2014).

## RESULTS AND DISCUSSION

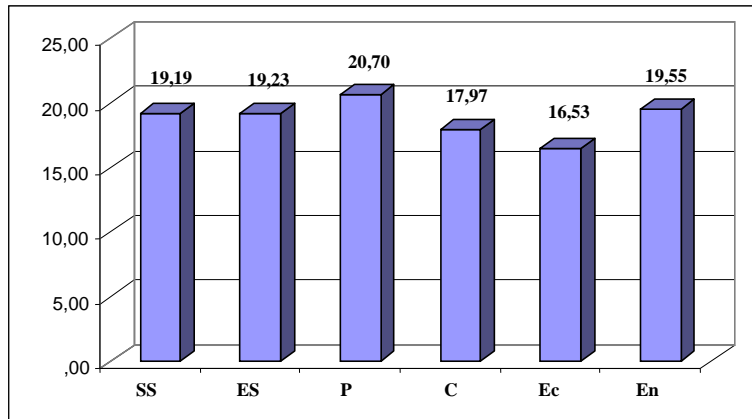
Based on calculated average values it has been found that the surveyed students have highest values on deep approach to learning ( $x = 39,03$ ,  $N = 656$ ), followed by the surface approach to learning ( $x = 23,37$ ,  $N = 656$ ), strategic approach ( $x = 20,25$ ,  $N = 656$ ) and self-reflection and self-preparation ( $x = 18,48$ ,  $N = 656$ ) (Figure 1). The dominance of deep learning can probably be explained by the desire and the strive of students to learn the study material in depth not only in terms of exams, but also in connection with future professional development. The practical implementation of such a desire probably takes a long time for the students, resulting in limiting their deep self-reflection and self-preparation. The results confirm the initially formulated hypothesis that surveyed students will apply mostly deep approach to learning.



*Figure 1: Allocation of the approaches to learning (SS (self-reflection and self-preparation); STA (strategic approach to learning); DA (deep approach to learning); SUA (surface approach to learning)) based on all the respondents (in %)*

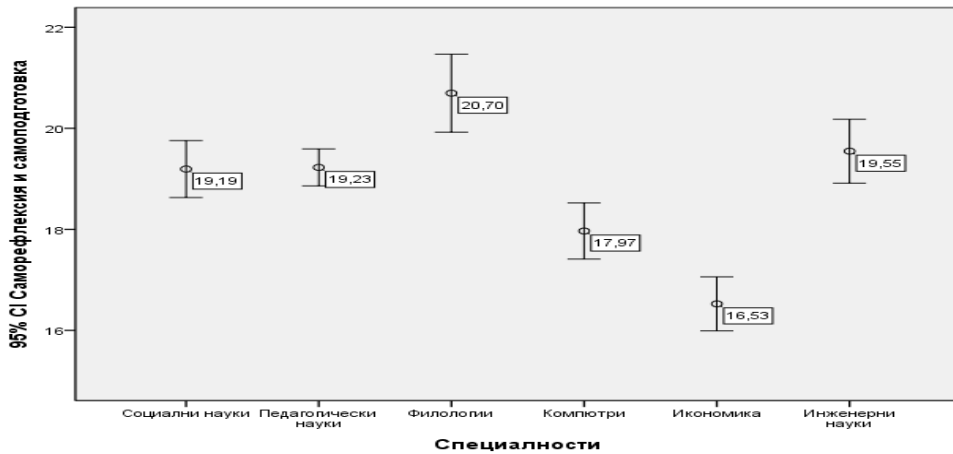
The obtained data of the one-way analysis of variance ANOVA shows that the specialty has a statistically significant impact on "self-reflection and self-preparation" ( $F = 25,533$ ,  $p = 0.000$ ), the highest values are obtained from students studying Philology ( $x = 20,70$ ,  $N = 46$ ), followed by Engineering ( $x = 19,55$ ,  $N = 53$ ) Educational Sciences ( $x = 19,23$ ,  $N = 217$ ), Social Sciences ( $x = 19,19$ ,  $N = 62$ ), computers ( $x = 17,97$ ,  $N = 122$ ) and Economics ( $x = 16,53$ ,  $N = 156$ ) (Figure 2). Perhaps the specifics related to the organization and conduct of the educational process in professional training in the corresponding specialty, stimulate the desire and efforts

of students for independent thoughts and self-training. And this does not only relate to the tests, but to understanding and systemizing scientific knowledge and the forming of professional skills for successful realization in the world of the chosen profession. The hypothesis that the specialty has a statistically significant impact on the different approaches to learning is confirmed.



*Figure 2: Influence of the specialty on "self-reflection and self-preparation"*

The performed Post Hoc Tests and the Dunnett test (Dunnett T3's Test) show a statistically significant difference between the analysis of variance ANOVA (Levene Statistic) ( $F = 25,533$ ,  $p = 0.000$ ) and between the mean values of the influence of specialty (SS (Social Sciences); ES (Educational Sciences); P (Philologies); C (computers); Ec (Economics); En (Engineering)) on "self-reflection and self-preparation." In this regard, it is registered that there is a statistically significant difference between specialties in the context of the efforts of students to carry out "self-reflection and self-preparation": between Social Sciences and Philologies (Mean difference I-J = 1,502 \*,  $p = 0.032$ ) Social Sciences and computers (1,226 \*,  $p = 0.035$ ), Social Sciences and Economics (2,668 \*,  $p = 0.000$ ), and Educational Sciences and Philologies (1,470 \*,  $p = 0.014$ ), Educational Sciences and computers (1,259\*,  $p = .003$ ), Educational Sciences and Economics (2,700 \*,  $p = 0.000$ ), Philologies and computers (2,728 \*,  $p = 0.000$ ), Philologies and Economics (4,170 \*,  $p = 0.000$ ), computers and Economics (1,442 \*,  $p = 0.004$ ), computers and Engineering (1,580 \*,  $p = 0.004$ ) and between Economics and Engineering (3,022 \*,  $p = 0.000$ ) (Graph 1). Results show that the characteristics of training in various specialties determine the differences in students' readiness for self-training and further reflection on the progress made.



Graph 1: Influence of the specialty on „self-reflection and self-preparation”

The specialty has a statistically significant influence on "strategic approach to learning" ( $F = 3,551, p = 0.004$ ), the highest values are obtained from students studying Philology ( $x = 21,70, N = 46$ ), followed by Engineering ( $x = 21,21, N = 53$ ), Economics ( $x = 20,68, N = 156$ ), Social Sciences ( $x = 20,06, N = 62$ ) Educational Sciences ( $x = 20,03, N = 217$ ) and computers ( $x = 19,21, N = 122$ ) (Figure 3). This means that students studying Philologies, show the greatest interest in strategic learning, unlike their colleagues in Computer Science, whose indicators are the lowest.

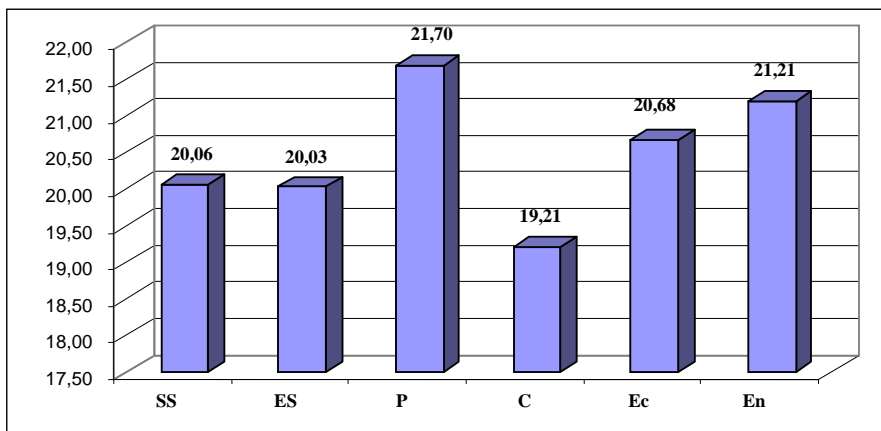
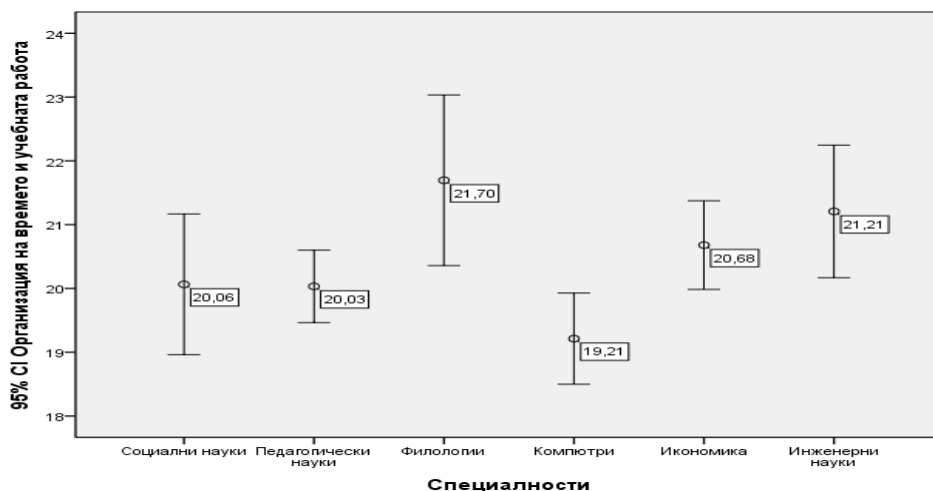


Figure 3: Influence of the specialty on „strategic approach to learning”

The results of the Post Hoc Tests and Scheffes` Test evidence of a statistically significant difference between the studied specialty and "strategic approach to learning", namely between Philologies and computers (Mean difference I-J = 2,483 \*,  $p = 0.043$ ) (Graph. 2). This means that students studying Philologies, spend more time and effort to strategic planning and successful implementation of self-training and learning as opposed to students in the Computer Science.



Graph 2: Influence of the specialty on „strategic approach to learning”

The specialty has a statistically significant influence on "deep approach to learning" ( $F = 14,323$ ,  $p = 0.000$ ), as the highest values are from students studying Social Sciences ( $x = 41,76$ ,  $N = 62$ ), followed by Philologies ( $x = 41,15$ ,  $N = 46$ ), Engineering ( $x = 41,06$ ,  $N = 53$ ) Educational Sciences ( $x = 40,10$ ,  $N = 217$ ), computers ( $x = 37,74$ ,  $N = 122$ ) Economics ( $x = 36,17$ ,  $N = 156$ ) (Figure 4). This means that students from the Social Sciences tend to study more thoroughly than students studying Economics. Education in the Social Sciences requires efforts to work on adequate understanding and systematic utilization of scientific knowledge, forming professional skills, for working with people, exploring and improving their personality and behavior.

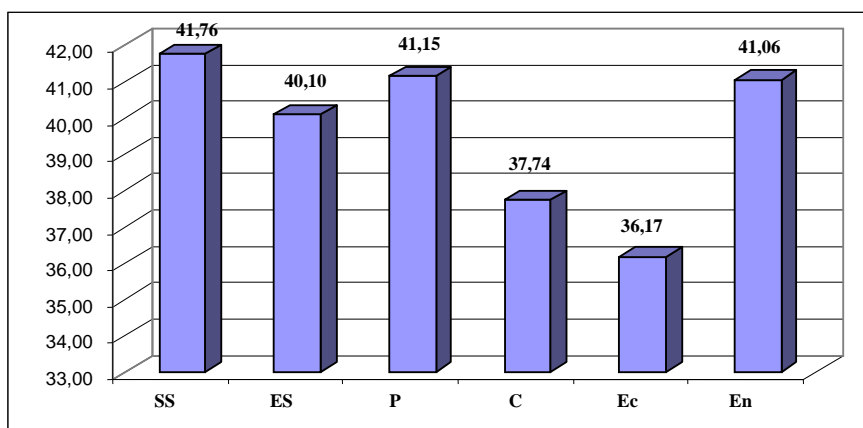
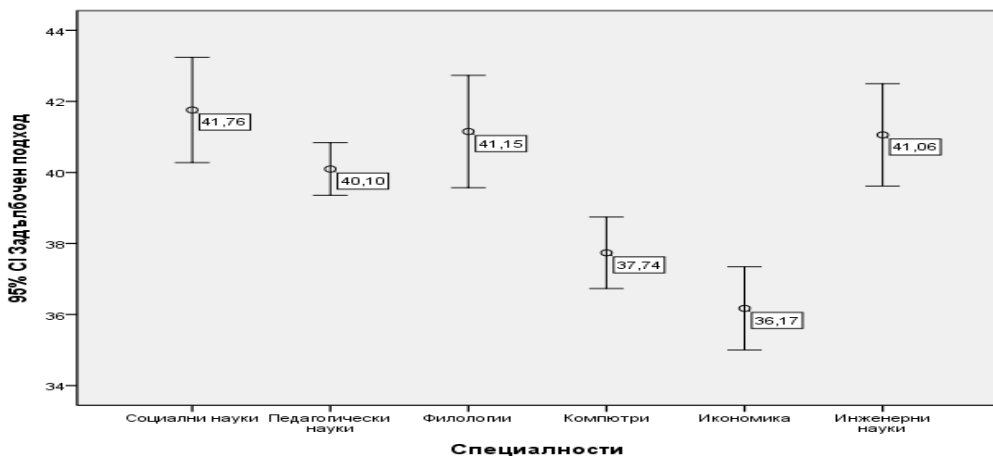


Figure 4: Influence of the specialty on „deep approach to learning”

The results of the Post Hoc Tests and Dunnett test (Dunnett T3`s Test) indicated that there was a statistically significant difference between the analysis of variance ANOVA (Levene Statistic) and between the average values of the influence of the



specialty on the "deep approach to learning". In this regard, statistically significant differences were found between individual specialties in "deep approach to learning", namely between Social Sciences and computers (Mean difference I-J = 4,020 \*,  $p = 0.000$ ), Social Sciences and Economics (5.585 \*  $p = 0.000$ ), Educational Sciences and computers (2,359 \*,  $p = 0.004$ ), Educational Science and Economics (3,924 \*,  $p = 0.014$ ), Educational Sciences and computers (1,259 \*,  $p = .003$ ), Educational Sciences and Economics (2,700 \*,  $p = 0.000$ ), Philology and computers (2.728 \*,  $p = 0.000$ ), Philology and Engineering (3.414 \*,  $p = 0.007$ ), Philology and Economics (4,979 \*,  $p = 0.000$ ), computers and Engineering (3.319 \*,  $p = 0.004$ ) and between Economics and Engineering (4.884 \*,  $p = 0.000$ ) (Graph 3). Registered differences were likely determined by the personal style of cognitive processing of information and the learning by students as well as the content features of the subjects, teaching methods and assessment and specific requirements of the future profession.



Graph 3: Influence of the specialty on „deep approach to learning”

The Specialty has a statistically significant influence on the "surface approach to learning" ( $F = 12,460$ ,  $p = 0.000$ ), the highest values are among students of Engineering Sciences ( $x = 26,38$ ,  $N = 53$ ) Educational Sciences ( $x = 24,67$ ,  $N = 217$ ), Philology ( $x = 24,52$ ,  $N = 46$ ), Social Sciences ( $x = 23,60$ ,  $N = 62$ ), computers ( $x = 22,62$ ,  $N = 122$ ) and Economics ( $x = 20,69$ ,  $N = 156$ ) (Figure 5). These results show that students in Engineering Sciences have more superficial attitude to learning than their colleagues in Economics, who have the lowest values. This fact can probably be explained by the specificity of education in Engineering Sciences, with methods of teaching of different subjects and with methods for assessing the results achieved by students.

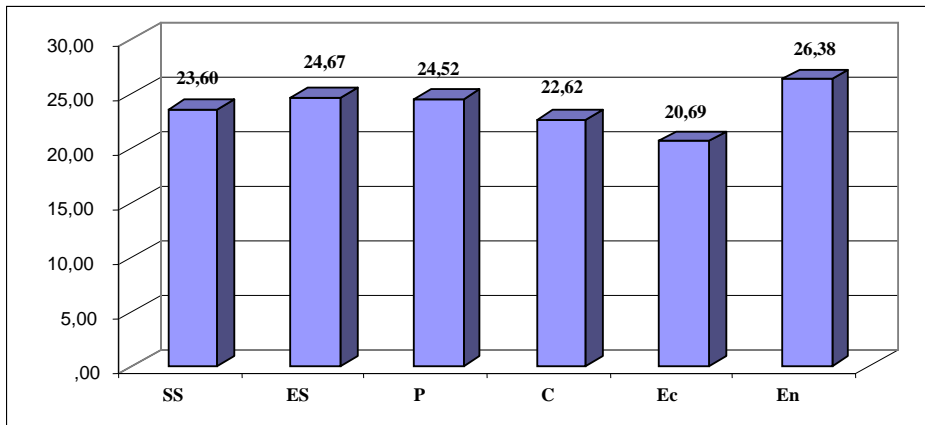


Figure 5: Influence of the specialty on „surface approach to learning”

The performed Post Hoc Tests and Scheffes`s Test evidence of a statistically significant difference between different specialties in "surface approach to learning", namely between Educational Sciences and Economics (Mean difference I-J = 3,981 \*,  $p = 0.000$ ), Philology and Economics (3,829 \*,  $p = 0.009$ ), computers and Engineering (3,754 \*,  $p = 0.009$ ), Economics and Engineering (5.685 \*,  $p = 0.000$ ), Social Sciences and Economics (2,904 \*,  $p = 0.014$ ) and between Educational Sciences and computers (2,050 \*,  $p = 0.028$ ). There are differences in "surface approach to learning" in different specialties, and on the one hand is the study of Economics and on the other - training in Educational Sciences and Philology. There are differences also between Computer Science and Engineering, and between Economics and Engineering. The reasons for these differences are probably rooted in the specifics of the working atmosphere in the academic context, disciplines, methods of teaching and evaluation (Graph 4).



Graph. 4: Influence of the specialty on „surface approach to learning”

## ***CONCLUSIONS***

In summary it can be said that in the course of professional training within the studied specialty students apply surface, deep and strategic approach to learning. In Bulgarian conditions there is another differentiated factor and that is "self-reflection and self-preparation." Self-reflection and self-preparation are important parts of the Self-Regulated Learning, which is determined and directed by self-regulated thoughts and actions through which students achieve pre-defined targets, exercise effective self-control and succeed in adapting to the conditions of the academic environment. Using the empirical data, it has been established that the studied specialty has a statistically significant influence on all approaches to learning that students apply in an academic environment. This shows that specialists in the field of higher education should very carefully draw up and determine the content of the curricula, according to which the professional training of students in the relevant studied specialty is conducted. This is important because the content of the curriculum determines the use of one or another approach to learning and determines the educational performance of students. The results are crucial not only for the students and their teachers, but for the entire university amid stiff competition and constant efforts to improve the rating and competitiveness of all structures in the academic field.

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## **EDUCATIONAL PROGRAM OF SOCIAL GERONTOLOGY – INNOVATION AS A RESPONSE TO CHANGE**

*Marija Ovsenik PhD<sup>12</sup>*

*Slavisa Perovic MSc<sup>13</sup>*

### **ABSTRACT**

*A wind of change engulfed the world. Changes occur in a dynamic more rapid than the dynamic of responses, with which we try to follow the opportunities and avoid dangers, brought to us by the turbulent aging environment. In addressing the aging society, we follow the Cartesian paradigm. Though when admitting unconditional and mutual dependency of generations, the environment encounters a gap between the actual change and its perception, as well as the obvious gap between volition and capabilities. The process of change is oriented inside out, the key catalectic variable is giving meaning to self and the environment, which is important when we want change that will ensure improvement of the system, processes and services in the field of the aging society.*

*In the study, a qualitative research methodology with the case study method is used. We obtained the data with semi-structured interview questions. We included ten established professionals from the field of social gerontology in this study, two from Great Britain, two from Finland, two from Germany, two from the United States of America, and two from Slovenia.*

*We contribute innovation to the mosaic of needed change – social gerontology education as a three-tier education model, which enables conscious, rational, and motivated reflection on all levels of education. The individual levels creatively and innovatively contribute to rationalization and internationalization of knowledge in the field of social gerontology, and at the same time allow differentiated education for all social actors, which according to the needs of the social gerontological environment require development of new research-oriented and specific competencies. We discuss the positive constituents of the education model, which creatively responds to the dynamic of needs of the aging environment, and the positive constituents of the inner-reflexive model, which considers decentralization, individual's autonomy, and proactive operation.*

**Key words:** *Education, Social Gerontology, Educational Program, Innovation*

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364(100)*

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<sup>12</sup>Marija Ovsenik, Alma Mater Europaea – European center, Maribor, Slovenia, mara.ovsenik@gmail.com

<sup>13</sup>Slavisa Perovic, Odvetniška pisarna Perović, Ljubljana, Slovenia, odvetnik.perovic@siol.net

## ***INTRODUCTION***

If the 20th century is the time of social change, the 21 century should be characterized by social and political innovation (Drucker, 1996, pp. 238). In that, the field of education holds many unrealized innovation potentials (Ovsenik, Ambrož, 2011). We live in a time, when change is the only certainty. It is characterized by innovation, globalization, and demographic change. Therefore, the research question we asked ourselves, centers the research attention to the focus of perception and observation of needed change in the field of education.

The changes in the environment occur with a dynamic, faster than the dynamic of response, with which we try to follow the opportunities and avoid dangers, which are brought on by the turbulent aging environment. In the recognition of unconditional and mutual dependency of generations, the environment encounters a gap between the actual change and its perception, as well as the obvious gap between own will and capabilities. A critical limit is recognized in the process of understanding and learning, the basic process, which is unique to all living beings, life circumstances and the entire ecosystem on earth.

With the dramatic change of the social image of the world, the demographic structure changes, too, which in the developed world is mirrored as a trend of an increasing proportion of the older population, who lives actively until later years (Dryden, Vos, 2001). The demographic analyses of Europe show European population is aging (Delanty, Rumford, 2008). In the more active, reflective society, aging is becoming an all the more open proces, on the physical as well as psychological level, as aging brings as many opportunities as it does problems, for individuals and for the broader social communities (Giddens, 2000, pp. 123-124).

Arking (2003), too, believes aging is time-independent series of cumulative, progressive, inner and decreasing functional and structural change, which usually begin to show in reproductive maturity.

Globalization characterizes our history. Longevity and a high proportion of the elderly increases the need for care for ensuring quality aging and generation coexistence. Although old age is a burdening perspective for everyone, we never think about it. It remains a taboo, demanding an answer. The culture of the 21st century values youth, beauty, boldness, and capital. Though on the verge of the integral century, we discuss the issue of demographic change, which calls for a conscious revolution as new knowledge and new wisdom accessible to all. We discuss the survival necessity of codependence and need for generation coexistence, which demands more knowledge, more respect for people's identity regardless of age, and more meaning given to cohabitation.

We discuss the need for change of personal and social life in communities, which demands new approaches and innovation in the field of education, too. The changing process is oriented from the inside outwards, wherein the key limitative or catalectic variable is proactive recognition, awareness and signification of self and environment. Such multilayered proactivity is key for the process of change – which begins in the environment – if we want to execute the change efficiently and successfully and with the aim of improvement of services, processes, and systems, and consequently quality of life (Ovsenik, Fister, Lipič, 2012).

United Nations organization reports there were approximately 350 million people older than 60 years in 1975, while the projections for year 2025 predict 1.100 millions of people aged 60 and over, which represents 13.7% of the entire population (Vertot, 2008). If in the year 2011, population cohort aged 65 and over represented nearly 8% of the entire world population, in the year 2050, by projections, there will be 17% of population aged 65 and over (Razpotnik, 2013).

### ***THEORETICAL FRAMEWORK: PARADIGMATIC BACKGROUND OF IMPLEMENTATION OF SOCIAL GERONTOLOGY STUDIES***

The changes, caused by globalization, are changing the demographic structure. The statistics record a decrease in fertility in Europe (except in Albania). In year 2050, there will be 8.8 billion people living on our planet (100 million less Europeans than in 2000), more than half of women, aged under 32 years, do not plan to have children, due to priority given to career. Extinction of the white race will bring consequences, comparable to the 14th century plague, which decimated a third of the European population.

The issue of aging and old age is nowadays one of the most current and topical, as in Europe, there are more than four times more elderly than there were in the childhoods of the oldest Europeans. In the forthcoming fifteen years, the proportion will double, and the life for the elderly aged above 80 years will be prolonged for 20% (Ovsenik, Lipič, 2011). Already in 2025, Europe will need a multitude of educated persons – for instance, 1.5 million of professionals of information technology will be acquired from other continents.

Old age as a social phenomenon demands responses on educational or pedagogical, professional, and scientific levels. Nevertheless, education and research on working with the elderly in Slovenia is still only in early stages and socially unsupported (the issue of state concessions in the field of education). The need for education for the largest population is presented as an immanent need of every society. Slovenia, as well as the entire southwestern region, needs to approach this issue on an adequate pedagogic, scientific, and professional level.

In the process of change, education plays an important role. Its task is to change the stack of knowing, which directs the operation of the social systems. Educational programs in the field of social gerontology follow the changes and attempt to control them with transferring new know-how to the students of the field. Osman-Gani (2004, pp. 282) confirms the need for continuous education, finding that developed countries pay most attention to education and development of human potential. Findings of ESC (Economic Social Commission) research show, that for development of human resources in this field, there is a great necessity for a network of quality institutions for education, which develop new methods and new methodological instruments (Ovsenik, 2013).

In Europe, tendencies for changing educational institutions strengthened with the Bologna process. Implementation of change is accompanied by numerous problems on legislation level and the level of actual educational processes (Medveš et al., 2008, pp.74-94). The first problem is the functional complexity of the educational system in Europe, and the second issue occurred with the economic crisis, which largely endangers execution of education by the principles of the Bologna process (EHEA, The European Higher Education Area, 2012, pp. 28).

Markelj (2006, pp. 113) finds the initial wishes for forming a harmonized European higher education area (EHEA) were followed by political and economic tendencies of the EU, which intentionally or unknowingly change the direction of education planning, when attempting to change the systems of education from without. In that, they do not follow the generally accepted collective rules on forming educational programs. Undoubtedly, this results in a decrease of autonomy of the universities, which is a decrease of autonomy of the educational subsystems.

Further, Vukasovic (2013) argues external pressures, which influence the europeisation of higher education, are a consequence of a rational and institutional approach to education, which holds social learning as its basis, stemming from sociological institutionalism. Institutional approach neglects dynamicity of the educational field, which rapidly changes in accordance with changes on the institutional and the global level, especially.

With appearance of the knowledge society in the 21st century, education became extremely important (Eurydice, 2005). A transformation occurred, from the European educational field to the European field of lifelong learning, wherein citizenship is realized by the obligation to learning. Centralization of lifelong learning as the key element of the European social model is a deviation from its national and state beginnings to a distinct social and transnational dimension. Therefore, the European social model peaked in the European educational field (Delanty, Rumford, 2008).

Various statutory provisions emphasize educational goals in six key messages. They explicate new fundamental skills for all, higher investment in human resources, innovation in learning and education, evaluation of learning, guidance and counselling contemplation, and wish for moving learning closer to home (Zorman, 2006, pp. 11-12). Aforementioned were the main imperative for formation of educational programs of social gerontology on all three education levels.

This was the main imperative for educational program formation on all three levels. The programs aim to respond to the issue of aging with informing about the meaning of old age, with methods and techniques that would offer graduates of all levels the knowledge for understanding the problematic, which can enable high quality, competent work, as the answer to the problematic. We must realize, gerontological findings (gerontology: *geron* – *Gr.* means old, old man, *logos* – study of), the study of biological, sociological and economic phenomena and processes (Veliki slovar tujk, 2002, pp. 394), are important and demand appropriate responsiveness. In its beginning, gerontologists mostly emphasized the so-called medicine model, though the general understanding of old age reveals it to be too narrow, as authors argue that in working with the elderly, social aspects are highly important, too (Accetto, 1987; Hojnik Zupanc, 1997). The fact of the matter is, the number of professionals and their professional training in the institutions, where they work, is still low (Mali, 2007). The age of the sources proves identification of this problematic over a decade ago, but only sociological description of the situation and critical analysis of the situation, and moralizations on how it should be are not enough. New times call for studies, which will closely connect gerontology and methodology for social regulation of acute, chronic problems in regard to aging and generation coexistence (Pečjak, 1998). There is a need for transformational change on all levels of awareness and operation. A change, which will identify an elderly as an equal social actor, who despite of age is still able to contribute.

Proactive dynamic processes, which must follow the changes in environment, signify consideration of feedback, which is the deciding influence in reaching and outdoing the personal, communal, and systemic mission. Only when taking the two identified natures of change into consideration, which consequently call for two significantly different approaches – both, though, based on feedback from learning and sensibility – and consequently appropriate activity, our view on the process of change can be simplified. We generalize the division of changes to the transactional, gradual changes, which mean a continuous response to evolutionary changes of the environment and therefore continuous improvement of implemented approaches, and the transformational, radical changes, which mean a thorough transformation of implemented approaches. Due to the changing environment, they require a dramatic change of the mission, which needs to be identified as a shift to a holistic approach to the needs of an elder person and their environment. Smaller transactional improvements turn the attention away from the radicalness of change, which must occur on a transformational level and demand decisiveness in execution.

Thus, the process of control of changes must follow the change in demographic logic and societal humanity. The phenomenon of transformational change generally follows a longer period of transactional changing, which after a longer period is followed by a paradigmatic breakthrough. Such paradigmatic breakthrough demands change in the system of values and behavior, so change in organizational culture, which is difficult to execute with only a moderate trend of continuous improvement, for we are becoming limited by the planning system and the inability of implementation of change. Without a critical attitude and current educational programs it is difficult to expect an improved approach toward the necessary change. Senge (2002, pp. 23) argues the new era is not information era, but era of new metaphors (paradigms) and new fundamental assumptions (building blocks), which is especially true in the field that we identify as a new research field of social gerontology.

Philosophical explanations and research methods, needed for explanation of reality, demand choosing relevant cases, description of facts, and the process of learning social gerontology inside of the scientific community. The development of science occurs through identification and resolution of revolutionary problems, where the old paradigms are demolished, and a new one is established, which recognizes cyclicity of the changing scientific progress and substantiates the finding that transactional are always followed by transformational change, which require paradigm change. The new paradigm draws its strength in the view of the world not as a collection of isolated objects, but rather in the view of the world as a network of mutual connections and dependency. It acknowledges the values of all living beings and sees a person as one of the threads of the network of life or the living web.

Social gerontology is a complex scientific discipline, the field of which requires change that will deepen intensive research and education and thus contribute to a holistic treatment of people's needs on an individual and societal level. Change in the environment, relative to the rapidly growing elderly population, mean a challenge and an opportunity, which can be actualized with proper research programs, support from the environment, and with education, oriented toward excellence.



## ***METHODOLOGY***

In this research, we use a qualitative research approach. Mesec (1998, pp. 26) the concept of qualitative research denotes as research, where the fundamental empirical material, obtained in the research process, is composed of verbal descriptions or narrations, and where the material is processed and analyzed verbally too, without using any measuring procedures that would produce numbers, and without numeric operations.

As a method of this research, we use the case study method. Vogrinc (2008, pp. 45) determines qualitative research combines various types of research, such as case study, with which we can minutely and systematically analyze and present an individual case – a person, group, institution, program, event and so forth.

In empirical data collection, we used semi-structured guided interviews. For qualitative data analysis, we used content analysis. Following Mesec (1998) and Vogrinc (2008), we executed the analysis procedures in the following steps: data organization, coding unit determination, category definition, and formation of final theoretical formulation with the conceptual model.

In the research, we included ten renowned experts in the field of social gerontology, two of which are from Great Britain (London), two from Finland (Tampere), two from Germany (München), two from United States of America (Miami), and two from Slovenia (Ljubljana). The interviews were conducted in 2014 and 2015.

The interviewees were asked the four following research questions of the semi-structured interview:

- Does the aged population receive enough professional and societal attention?
- How do the educational institutions respond to demographic change and the process of population aging?
- In your own opinion, what are the fundamental building blocks of educational three-level model of social gerontology?
- Which key competencies participants in the studies of social gerontology need to learn?

In the process of content analysis, we coded the selected data, selected and defined relevant concepts, and finally categories. Based on that, we formed the final findings and presented them in the form of a conceptual model (Figure 2).

## ***DISCUSSION: EXPLANATION OF SOCIAL GERONTOLOGY PROGRAMS AS INNOVATION***

Social gerontology signifies a challenge for science and education. Its operation needs to be directed toward the national and international social environment. With the fact that it is positioned among yet unrealized possibilities of mastering the elderly problematic (niches), its ambitions are oriented toward cooperation with related scientific and educational institutions on a transnational level. The social gerontology program, besides the overview of modern theories in the field, development trends, approaches, and best example practices from the field of working with the elderly, establishes its meaning on the interdisciplinarity and complexity of the following research areas:

Reality is a social construct (Berger and Luckmann, 1988). The world we live in and are aware of is actually at the same time a construct and a reality in which we live; it is thus a “model” and a “reality”, which we model, simultaneously (Nastran Ule, 2000, pp. 24). The social construct of aging is shaped by cornerstones of different fields. Aging is not determined by biological factors and genetic predispositions only, but is often characterized by health factors (psychologically, mentally, and physically) and illnesses in direct dependence on health care. Even though elderly persons often escape into medication, modern research shows it to be incomprehensible shortcuts of those, who are in fact able to better the well-being of an individual using different approaches and thus restrict the illness. We consider the historical – cultural dimension of social factors on all three levels – individual, family, and societal level, which are mirrored on a behavioral level in relationships, which is shown as social capital, as a relation to nutritionism and as a culturally informed environment. The psychological dimension is identified by factors, which based on mental and emotional processes establish an immune system and affect the mental dimensions. Undoubtedly, the existential dimension contributes to healthy aging with the economic – organizational identifications and environmental determinism.

Systemic interdependence of the building blocks of human development and quality aging is not only individually determined, but a person is in their old age, too, integrated in the social construct of formation of own old age (Figure 1). Therefore, considering the theories in the field of social constructs as well, we can reach a cultural transformation of aging (Gergen, Gergen, 2006, pp. 417).

The program of social gerontology, with its interdisciplinary approach, tendency for active inclusion in international higher grade and research area, and orientation toward (re)production of applicative knowledge will be able to be successfully included in the modern trends.



Figure 1: Old age – Social construct

Source: authors' own research

The process of learning, which demands we learn tomorrow’s knowledge today, will be reached with a committed developmental – research approach. The aforementioned enables scenarios and visions of the needs of future development of aging problematic, and is, with its competencies, forwarded to the students, capable of ensuring future innovations. Only the combination of knowing of what is already known, and knowing how to add to this a creative competence, can lead to original knowledge, which gives a surplus value or innovation.

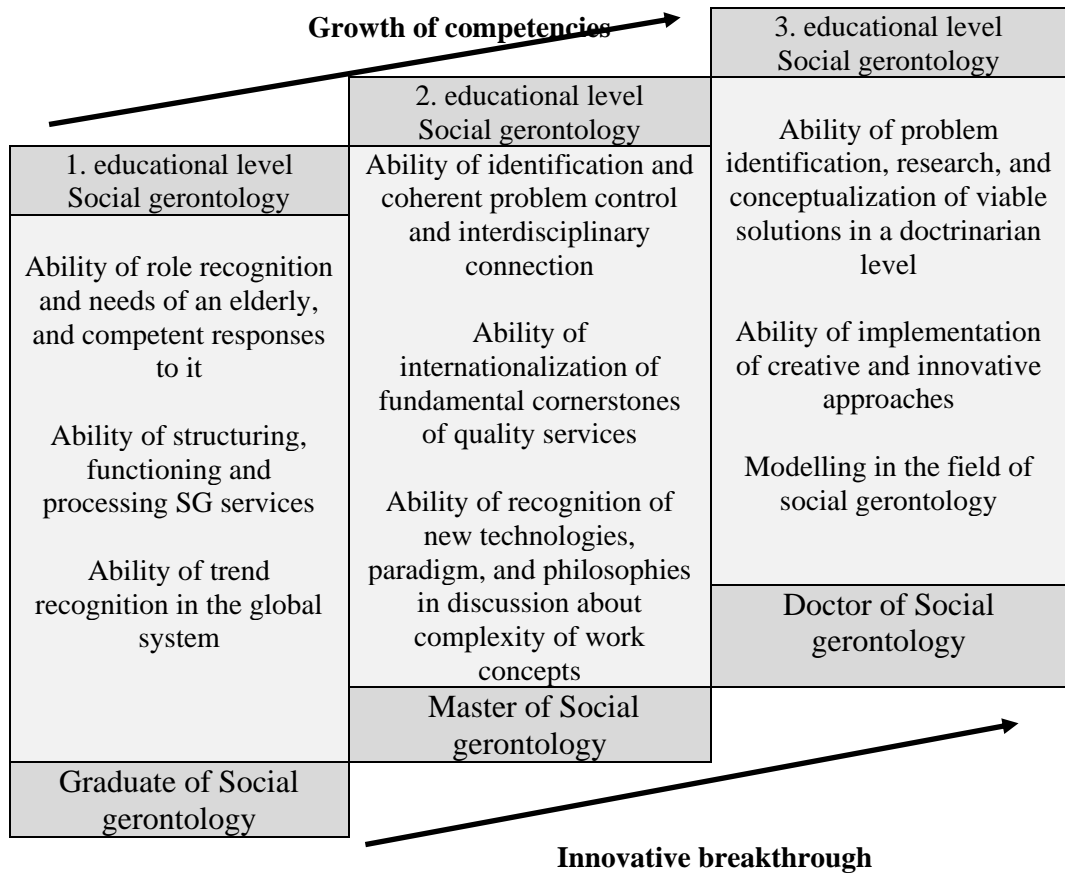


Figure 2: Conceptual education model of Social gerontology [Source: authors' own research]

## ***CONSLUSION***

Due to constant social and economic change, people are faced with a need for continuous gain of new knowledge, which allows them to fully and actively operate in the working, personal, and social life in their communities, to operate in the modern society with more quality, to be a part of the community, and to be active well into the late age (Vilič Klenovšek, 2013, pp. 10). Knowledge, in all its manifested forms, is becoming the basic manufacturing resource and a factor of quality of life (Bregar, Ograjenšek, Bavdaž, 2011, pp. 1). A comparable advantage of Slovenia is only new knowledge, capabilities, and competence of adults, thus education of adults is not nor must not be an expense, but an investment and at the same time the solution to the exit from recession (Sotošek, 2011, pp. 12).

At the verge of the “knowledge society”, education is no longer a privilege: we are no longer able to treat it as a specific dimension of freedom, accessible only to few – those, who manage to climb out of Plato’s cave. Such change is declared by the slogan “education for all” (Zgaga, 2008, pp. 55).

We intelligibly define the content and the characteristics of the competent three-level educational program of social gerontology, even though the field is complex and interdisciplinary. We find the level-structured educational system of social gerontology that enables conscious, rational, and motivated reflection on all educational levels is needed. The individual levels will creatively and innovatively contribute to the rationalization of knowledge in the field of social gerontology, while making level education possible for all social actors, who according to the needs of social gerontological environment need the development of new research-oriented and specific competencies. We discuss the positive constituents of the educational model, which creatively responds to the dynamic needs of the aging environment and the positive constituents of the inner-reflexive model, which considers decentralization, individuals’ autonomy, and proactive action.

The central enabler of change in the field of education for social gerontology is based on dynamicity and openness of study programs on all levels for innovations, which occur in the social gerontological environment. Though, adaptation to change and its efficient implementation of change into the study programs, especially in the form of innovation, requires new organizational approaches and educational innovations. The Bologna process on a conceptual level supports these processes and develops possibilities for dynamic changes of the educational system. Concurrently, the very dynamic change allows program implementation to other cultural environments, too.

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# **HEALTH MANAGEMENT EDUCATION E-LEARNING SYSTEM**

*Zarko Pavic PhD<sup>14</sup>*

## **ABSTRACT**

*We provide below the most significant aspects to be considered as possible approaches or options when we were starting to design an educational system in the Health Management fields using e-learning methods. Experience shows that guidelines for the development of e-learning systems have both advantages and disadvantages. One important disadvantage is the fact that it is difficult to generalize guidelines for e-learning systems because educational situations often vary considerably. Despite all the disadvantages, guidelines can be used effectively in this area. The aim of our E-learning Health Management Study, which is carried out at our University, is to establish a cooperative and mobile e-learning system in the area of the Health Management and Health Policy Development. In the MBA course of the Health Management we designed and developed the E-learning Health Management Education System. The project was also to clarify how guidelines for e-learning systems can be used successfully in different clinical entities using as parameters: screening, prevention, diagnosis, treatment, follow-up and education.*

**Key words:** *health management, health policy, education, e-learning, master program*

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*005:37.018.43*

*005:614]:37*

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<sup>14</sup>Zarko Pavic, Faculty of Business Economics and Entrepreneurship, Belgrade, Serbia, zarkopavic@yahoo.com



## ***INTRODUCTION***

E-Learning as understood today is “any electronic tool, method and system used to design, develop, deliver, assess and manage more or less methodically and systematically the overall teaching and learning process“. The educational use of any specific or generic software application working on a Computer Hard-drive, or from a USB Key, from a CD-Rom or a DVD can be considered as e-Learning. But in its most common sense, e-Learning is connection to the Internet or any other telecommunication network, as Teleconferencing, Videoconferencing, Wide Area Network, Local Area Network, VoIP or Mobile telephone. E-Learning covers school, university, vocational and professional education and training as well as lifelong learning, as a formal or informal process. In fact, e-Learning is “Information and Communication Technology Application to Learning”, and it can include all possible modalities: Face-to-face learning in the traditional classroom setting, Distance Learning and any mix of the two called “Blended Learning”. But it can also be called “Computer-Supported Collaborative Learning“, “Technology Enhanced Learning” or many other possible denominations. E-Learning is today promoting fast and evolving science and technology research and development areas in many universities, international and European scientific or development projects and national or international organizations devoted to standards specifications definition worldwide. From these important activities new educational technologies and methodologies are emerging and providing opportunities that can be possible approaches or options in educational projects. As digital technology changed the face of global transparency in the different fields like strategic policy, financing reform, health communications, it is also modifying educational practice and context. We will try to present briefly below what main perspectives have been opened, especially regarding outputs and outcomes of our Project named “Serbian School of Health Management e-Learning System”. In Conclusion we will explain our remarks about some very clear e-learning Advantages, but also Dilemmas.

## ***LEARNING MANAGEMENT SYSTEM***

Learning Management Systems are now ubiquitous in most universities as well as in any kind of school around the world to manage many administrative, communication, educational and statistical aspects. Such systems implemented through web applications related to databases are facilitating many different management activities, as for instance student registration and fees payment, information and documents dissemination; educational resources distribution, tracking of student activities in discussion forums, individual or group assignments; results to assessment as well as individual, group or global statistical reports. Each of these functions can be activated or not. On top of such generic options many features are available as plug-ins or optional functions. Learning Management Systems can be downloaded free of charge on the Internet, or acquired from commercial companies with different kind of free or proprietary licenses. Moodle and Blackboard are the most prominent options in each category. According to the selected option it can also be freely installed and maintained on a server relying on permanent technical staff or relying on external commercial services (Rosenberg, 2001, Melton, 2002, Wong et al, 2010).

## ***COLLABORATIVE LEARNING***

Scientific research in educational psychology carried out since the last century is concluding that learning is achieved better by individuals through tutored activities in collaborative groups. Combinations of different face-to-face and virtual learning environments are looking to be more efficient and attractive than the traditional academic course model. Many possible software solutions and options are available to design and provide such collaborative environments to carry out individual or group activities implementing socio-constructivists approaches to teaching and learning. Web-based applications such as Wikis and Blogs are very appropriate (Childs et al. 2005, Garrison, 2011).

## ***FREE OPEN SOURCE SOFTWARE AND OPEN EDUCATIONAL RESOURCES***

Two different major models are in competition today for software development and dissemination. The “Proprietary“ model relies on the traditional commercial perspective where the product is sold as ready to be installed, developed internally protected by a “Proprietary“ license. This kind of license prevents the user from “opening” the source code of the software to see how it works and make modifications for any reason. It also prohibits copying and redistributing this software as it is, or modified. Copying is in fact very easy and costs nothing, as the product is immaterial. Many such pirated copies of proprietary software are used in education, but this is illegal.

At the opposite there is the “Free Open Source Software“ model that is developed collaboratively through peer review, by individual volunteers and/or companies making the source code freely available to all on the Internet. It is protected by an “open” license that guarantees the free (as in freedom of) access to the software source code to everybody; and the free use of the software, (learning, modifying and redistributing), but under the same license. This allows any individual or organization to get free software, to use it and adapt it freely to one’s use and redistribute it eventually. Which also means that such software being reviewed by so many persons is evolving and improving faster than proprietary means.

Based on the same assumption and it is the same for textbooks contents and educational resources. If it is developed and published as “Open Educational Resources”, not only it is free and open to be modified and adapted, but also it can improve faster and be more efficient. A huge movement has started to publish entire lists of courses and educational resources under “Creative Commons“ licenses or other licenses, as “Open Educational Resources” in many universities worldwide (McVeigh, 2009; Garrison, 2011).

## ***LEARNING DESIGN***

Based on different scientific research, efficient instructional design methods and technologies are providing today a consistent platform to design and develop sound “Units of Learning”. For instance Benjamin Bloom’s taxonomy of learning objectives and Robert Gagné’s “nine events of instruction” are providing an efficient basis to structure learning in a coherent system (Gagné, 1995).

A Competence-based approach also presents a convincing model to define, through a needs analysis initial step, the competences to be acquired by the targeted population, using a structured model including all necessary information to design the entire learning system. In this model, competences may be divided in taxonomy with several levels, each element of competence being described in terms of performance, criteria of performance, and indicators of performance. Those indicators may be classified using Gagné’s Taxonomy of learning outcomes, or other suitable models. The Cheetham & Chivers model is currently very popular (Cheetham, Chivers, 2005).

Having achieved such competence definition, all necessary information to design the learning will be available: i) from the performance definition it is possible to derive directly the learning objectives; ii) from the performance criteria we get the different topics to be addressed and possible contents; iii) from the indicators of performance we get all necessary information to design the assessment tools.

## ***LEARNING STYLES AND USABILITY***

Learning is achieved by individuals through specific psychological typical settings called “learning styles”, and also through declared or implicit preferences. There are different models to identify and manage learning styles – David Kolb’s Learning-Style Inventory is one of the most famous psychological approaches.

Learning preferences or Media preferences deal with preferred personal learning strategies / heuristics and if the student learns better with speech, text, graphics, video or any multimedia combination. These considerations can impact on the design of the Units of Learning, not only in their didactical structure but also in the ergonomic dimension of the media design and functional environment that is called “usability” (Melis et al., 2003).

E-Learning media and environments are based on computer interaction, and their efficiency is directly related to the usability of the design. So usability is efficiency in the intuitive learning of the interface’s commands (also called “Learnability”), and efficiency in the learning achieved by the student. Units of Learning designed with poor usability create more difficulties to the learner not related with the topic to be learned. The learner may be distracted from learning by having to learn how to use the contents or the system. That can have a negative impact on course completion rates and post-test scores. As a conclusion, usability of learning media and environments must be tested with a sample of targeted users (Eyler, Giles, 1999).

## ***LEARNING TECHNOLOGY STANDARDS***

From an economical perspective, in order to be able to share, reuse and adapt learning resources in the same system or in any other, different international consortia have specified a set of standard metadata. Produced by an instructional designer, a teacher or a learner, a “Learning Object” can be compliant to such standards when “packeted” with specific tools as Reload or eXe.

## ***LIFELONG LEARNING***

In our globalized knowledge-based economy, e-Learning is providing new opportunities for adults to cope with competences they need to adapt to necessary evolutions in their practices, or to access new responsibilities. Lifelong Learning is a flexible concept for educational and training institutions, projects, enterprises etc. To offer any kind of training, competence development service and qualification to anyone: young not yet employed, worker in activity, unemployed, all through his or her professional life.

The characteristics of anywhere-anytime networked collaborative learning based on competence definition and IMS Learning Design standards are very attractive in this perspective. Important research and development European projects are currently ongoing – TENCompetence is one of the most important. “TENCompetence is a 4-year EU-funded Integrated IST-TEL project that will develop a technical and organisational infrastructure for lifelong competence development. The infrastructure will use open-source, standards-based, sustainable and innovative technology. The TENCompetence infrastructure will support the creation and management of networks of individuals, teams and organisations in Europe who are actively involved in the various occupations and domains of knowledge. These learning networks will support the lifelong competency development of the participants from the basic levels of proficiency up to the highest levels of excellence. The network consists of learners, educational institutes, libraries, publishers, domain specific vendors, employers, associations, and all others who deliver services or products in the specific field (Hege et al., 2007)

## ***CHALLENGES IN E-LEARNING AND EDUCATIONAL INNOVATION ADOPTION***

Implementing an e-Learning project in an educational institution may be challenging. It is proposing different methods for people with comfortable strategies, attitudes, methods, tools and habits already in place. Changing to something new that they don't know will not be easy for them. It will be necessary to promote the solutions selected, to convince and motivate all targeted users and deciders to be part of the project. Training of trainers and specific training resources and activities will be

necessary to train all intended users to use efficiently the system. It is risky to implement a system that is not yet negotiated and prepared with the intended users. Resistance to change must be managed cautiously, because “the inherent nature of organisations is to be conservative and protect themselves from constant change” (Rossett, 2002; McGorry, 2003).

## ***PROJECT RESULTS***

### ***E-LEARNING SYSTEM FOR THE SCHOOL OF HEALTH MANAGEMENT***

We proposed and established that the e-Learning system for the School of Health Management should include four major Sections (see: “Mapping of the School of Health Management e-Learning System”):

#### Learning Resources Development Section

- Competences Definition
- Learning Design
- Requirements

#### Training Delivery Section

- Training Management
- Training Targets
- Requirements

#### Teleconferencing Management Section

- Management
- Staff Training
- Requirements

#### Servers Administration Section

- Applications Management
- System Maintenance
- General Statistics
- Requirements

Generally, learning is a central topic within many of the psychology experts, and its problems have provided the occasion for hundreds of experimental studies. The science of learning remains in a state of flux, in part because we have not yet reached agreement upon the most appropriate concepts to use in stating our problems and in interpreting our data. Our Project “Health Management Education – New Approaches and Possibilities” included also developing of the School of Health Management e-Learning System follow the process of the accreditation in our high-education system. Health Management e-Learning System gave to our standard medical education

completely new health communication possibilities represents an attempt to provide in one place the key points input-parameters like a new medical theories in praxis and new aspects of the different clinical guidelines and/or disease protocols. The aim was to see theory in relation to our e-learning experimental model represented in the Project. The topic chosen was in each clinical case one actively studied by adherents to the theory, which could be judged both by its provocativeness in suggesting e-learning experiments, and by its success in dealing systematically with the data which emerge from such experiments.

Methodology topics were:

- Setting the Task or Question to be addressed
- Selecting the Medical and Non-Medical Experts
- Choosing and Preparing the Scientific Evidence
- Structuring the Interactions
- Methods of Synthesis Individual Judgements
- Priorities for Future Research

Project implementation strategy consisted of the next topics:

- Establishing of the Focus and Multidisciplinary Expert Group
- Preparation of the e-Learning Project Budgeting
- Holding Meetings and Permanent Group Communication
- Use of the Specifically Developed Computer Templates and Cards
- Audit and Feedback of Results

Guideline Algorithm Management was involving in our e-learning system the next parameters for each investigated clinical entities:

- Screening
- Prevention
- Diagnosis
- Treatment
- Follow-up
- Education

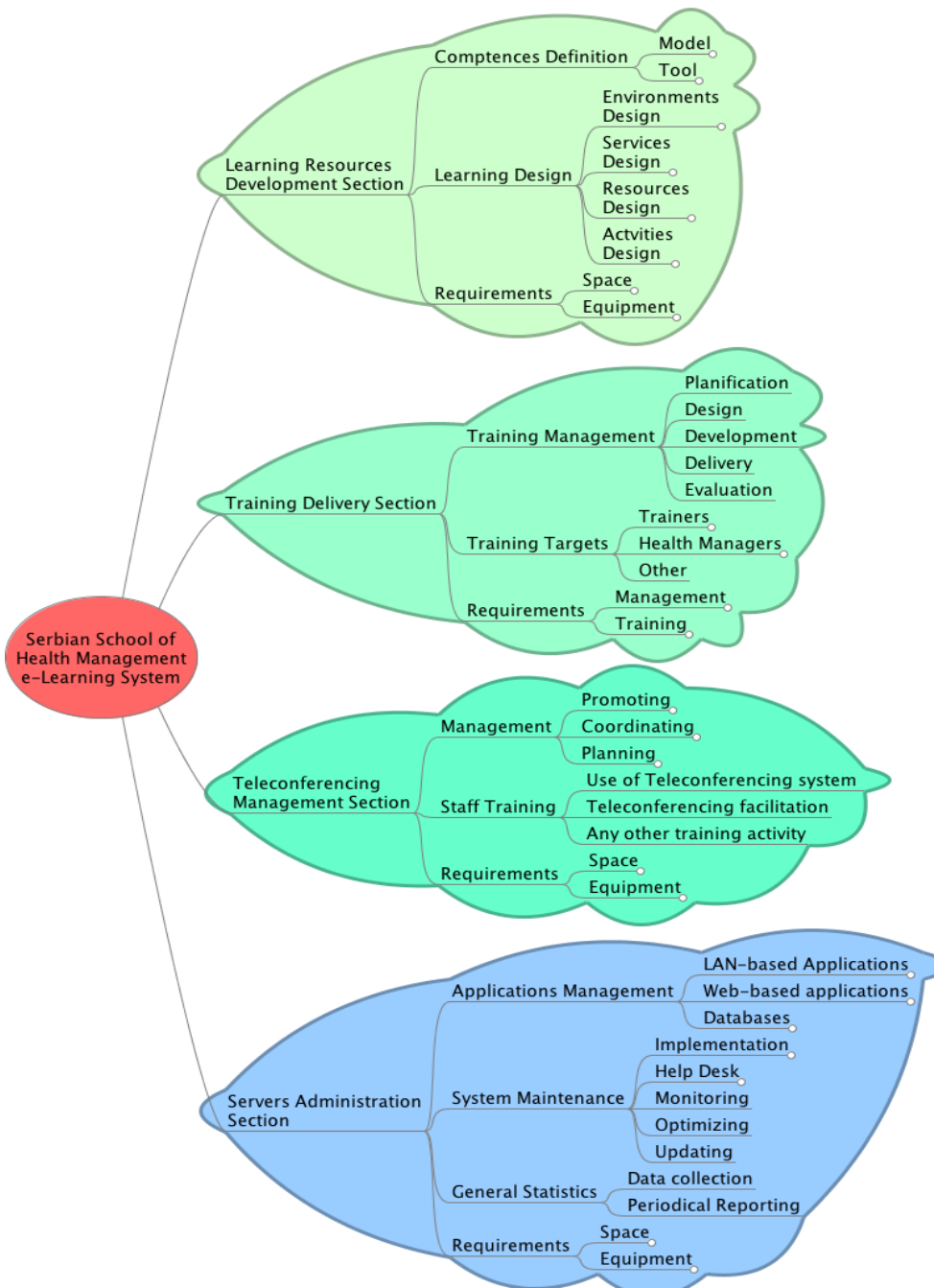


Figure 1: Mapping of the school of health management e-learning system

## ***CONCLUSIONS***

In conclusion we can suggest, as an output and outcome of our Project, that implementation of the e-learning Health Management System together with classical Education System is not so easy because of the many experienced established Education Standards and Norms which were the major obstacles for better understanding and application, not only in Health Medical Education, but also in Medical Praxis. All 4 Sections represented in the Project's e-Learning Application Proposal/Learning Resources Development, Training Delivery, Teleconferencing Management and Servers Administration Sections/ were completely involved in our MBA Health Management Courses and, for some experimental clinical entities like Diabetes Mellitus, Hypertension and Rehabilitation, in the clinical investigation. Results were very satisfied on the scientific level, but not enough applicable in the clinical praxis. Methodology Topics, Project Implementation Strategy and Guideline Algorithm Management with 6 parameters /screening, prevention, diagnosis, treatment, follow-up and education/ signs, for the future, very creative, comfortable, up to date and fast with strong multidisciplinary effectiveness and efficacy. During the application of our Project Proposal Goals we found finally the next very clear e-learning Advantages and Dilemmas:

### Advantages using Health Management E-learning System

- Better understanding through joint discussions using all 4 e-learning Sections in the School of the Health Management,
- Better and faster Multidisciplinary Connection between Theory and Praxis,
- Flexibility to join discussions in the Trainings Delivery Section threaded discussion areas at any hour,
- Health Management Instructors and MBA students both report e-Learning fosters more interaction among students and instructors than in large lecture courses,
- Develops knowledge of the Internet and Computers Skills that will help learners throughout their Health Management Careers Development.

### Dilemmas regarding Health Management E-learning System

- Without the routine structures of a traditional class, students may get lost or confused about MBA Health Management Course activities and deadlines,
- Health Management Instructor may not always be available when MBA students are studying or need help,
- Slow Internet connections or older computers may make accessing MBA Health Management Course materials frustrating,
- Hands-on or lab work is difficult to simulate in a virtual place like in Clinics or in the University Classroom.



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## ***STUDENTS' ATTITUDES TOWARDS INTRODUCING SPORT INTO HIGHER EDUCATION***

*Milan Dragic PhD<sup>15</sup>*

*Edita Kastratovic PhD<sup>16</sup>*

### ***ABSTRACT***

*This paper presents the research about students' involvement in sports, as an important segment of the modern society. This research also covers students' attitudes towards introducing sport into higher education program. The research presents the initial analysis, whose results can contribute to the overall image about the importance of sport and the possibility of its implementation into higher education. The aim of this research is to show the real image about the presence of sport in the lives of young people, as well as the analysis of the perception of youth about the integral educational system. The results show that sport is under-represented with the student population. The results also show that the majority of students have a positive attitude towards the idea of implementing sport into higher education program.*

***Key words:*** *Sport, Education, Students*

***JEL Classification:*** *L83, I 23*

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796-057.875*

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<sup>15</sup>Milan Dragic, Faculty of Business Economics and Entrepreneurship, Belgrade, Srbija,  
[milan.dragic@gmail.com](mailto:milan.dragic@gmail.com)

<sup>16</sup>Edita Kastratovic, Faculty of Business Economics and Entrepreneurship, Belgrade, Srbija,  
[kastratovice@yahoo.com](mailto:kastratovice@yahoo.com)

## ***INTRODUCTION***

Sport is an important segment of the modern life of young people. Sport has a positive effect on students' health (both physical and mental), but also on work efficiency and concentration. The importance of sport is also reflected in socializing individuals. Socialization through sport is very important because it teaches participants about fair-play, tolerance and patience. The importance of sport can be seen in developing adequate attitude towards winning and losing, which represents a significant component when it comes to work environment and other spheres of the human life (Koković, 2004,p.1). This paper shows the research about students' engagement in sport, as an important segment of the modern society. The research also covers students' attitudes towards introducing sport into higher education program. It also presents the initial analysis, whose results can contribute to the overall image about the importance of sport and the possibility of its implementation into higher education.

Children make their first contact with sport in the earliest stages of their lives and that represents a very important moment when it comes to accepting sport or not. Critical role in that period have their parents, educators and teachers because their support and the right approach to every individual represent the initial guidelines towards developing healthy habits. Programs in elementary and secondary schools cover physical education classes, but the methods and programs the teachers and professors use are out-of-date.

Early period of education is an ideal time to begin doing sport because in that age, children develop attitudes and habits which will stay strongly connected with the individual's personality. After finishing secondary school, the young are at the cross-roads when we talk about choosing a life calling. That period of making important, future-related decisions can suppress the continuity of doing sport (physical activity). Exactly that period presents a problematic point in a way that students have problems concerning physical activity. The decision about abolishing physical education from the higher education program presents a turning-point in health, social and mental development of students. A long period of non-existence of sport in the realms of education presents a serious obstruction on the way to engaging and initiating the idea. The crucial moment would be the intervention of the State concerning constitutional, legal and financial and organizational support to the idea of re-introducing physical education (sport) into faculties.

## ***THEORETICAL CONSIDERATIONS***

### ***SPORT***

Sport presents an important segment of the modern life of young people. Its occurrence with the young depends on many factors: social, cultural, political, economic and others. Each of the mentioned factors makes, to a certain degree, an impact to the younger population concerning whether they will opt for sport or not.

Sport has suffered many serious transformations, both in how people see it and its terminology, as well as in the attitude of the individual and the group towards sport. In

English and French, the word sport means: game, fun, play. Gradual shift from a game to a competition has affected the development of sport and its affirmation in society. Sport has survived many significant changes throughout a long period of time. It had all started from a game, liberated from any strictly defined rule, and it ended with a business which sets norms and goes deeply into the economic sphere of the modern society.

Contemporary sport has also suffered a transformation from a moral point of view. That transformation had started long ago in the past, but sport lovers managed to fight against a complete materialization of sport nature. In the III century B.C, Filostrat noticed the wrong path of sport. He warned us about politicization of sport and the aspiration to completely enslave the original game. Terms professional athletes and coaches were born in that period. That Neron had declared himself an Olympic winner 1,880 times, attests to the fact that sport was then left with no spirit and the Mission was submitted to mockery (Tomić, 2007, p 2).

The State needs to have a control over sport. Today, sport is too much of a public activity of which many people speak about, but not many do anything about its development. Sport has become the reason for getting close to somebody, but sometimes the reason for conflicts as well. Because of that, sport is too serious „insignificant“ phenomenon to be easily left on the street (Tomić, 2007,p.2).

## ***EDUCATION***

Education is the developmental foundation of the modern society. Educated nation is the cornerstone of the economic, cultural, social and demographic prosperity. Education encourages economic development and by that it contributes reaching potential possibilities for additional investments in education. Education is in a direct collusion with the social dimension of our society. Educated society invests important resources in the development of healthy and satisfactory social relations on every level of our community. Only an educated nation can surpass problems and temptations that rule in modern society. Commitment to socially healthy relations presents the basic assignment of an educated nation, because only a healthy social environment can be successful in other segments of the society. Educational institutions which base their activity on quality and tradition present important centers that attract young people and win over their interests. Winning over the young who are eager for knowledge, education and improvement, presents the most significant social activity with the aim to form a skilled elite capable of leading our society towards the goal of a universal progress. By developing an educational process and entering into the framework of the Bologna Declaration, an educational and competitive milieu has been created.

In most market industry countries, as well as in the leading countries in transition, private and state education exist as parallel and relatively equal sectors of the educational system and the national educational politics. They are becoming less disloyal competitors and more equal partners in satisfying diverse educational needs of the society, companies and individuals. Aspiration for developing a unique private and state education is noticeable because both contribute to satisfying the individual, corporate and social educational needs (Kastratović, et al. 2014,p.3).

Innovation and high quality standards in teaching are the only guarantee for higher education institutions to survive and succeed. Innovation is a creative activity, which demands better preparation of the teaching personnel in the way of reorganizing classes and establishing new relations between teachers and students. Teachers' evaluation of the quality of work represents an important and necessary system of upgrading the quality of the educational process (Relić, 2007,p.4).

Higher education has experienced transition and accepted the rules that stand important in democratically developed countries. As every newness, reform of higher education has both its advantages and disadvantages. Considering a highly turbulent period in which it is, higher education hasn't covered an important segment of forming an individual's personality. Neglect of the health aspect and letting go of the responsibility for improving health, represents a great failure both for students and education in general. Healthy nation is the basis for an educated and successful state. Socially responsible states define strategic directives for development, in whose framework one importance is the work on ensuring and sustaining a healthy young population, as the bearer of industrial, political and cultural development in the future. There has been a lot of research on the influence of physical activity on work efficiency. In all these researches, positive effects of applying a suitable exercise program in the process of work have been confirmed. The research has also shown the negative effect of the exercise programs which are not compatible with the type and character of the given work. Those results underline the importance of the scientific approach to creating physical activities that would cover those movements and activities that would have a positive effect on both physical and mental health of employees, and in accordance with their line of work. Researches that have been carried out so far, verify the effects of different physical exercises in the process of work:

- Introductory exercises at the beginning of work day (shaping exercises)
- Exercising during regular breaks (leisure, sport recreational activities)
- Exercising in a special ten-minute break (corrective – compensation exercises)
- Exercises that are applied in a multiple number of short breaks
- Application of exercising in the cabinet for sport and recreation (independently, 10 to 15 minutes)
- Autogenous training – a psychological self-regulation applied at the end of a work day for the purpose of lowering nervous-mental tension (Blagajac et al.,1986,p.5).

The result of researching different kinds of physical activities can be used in the purpose of forming a physical activity program that would consist of different types of exercises, their explanations, role and effect, as well as other characteristics that refer to the methods of exercising.

## ***THE IMPORTANCE OF SPORT***

The importance of sport can be explained in many ways, depending on different point of views. If we turn our attention to work efficiency, then we can confirm the importance of sport as regards to work efficiency, by the results of the research carried out by Herbst. He researched the influence of applying ten-minute workout in the process of work of telephone operators in the main post-office in Berlin. After a three-month experiment, it was established that the exercise program had reduced the number of absence from work because of sickness. The results also confirmed that the applied physical activities affected a better subjective feeling of tiredness, as well as less frequent occurrence of headaches and lower nervous tension (Blagajac et al.,1986,p.5).

Sport is a specific activity which, at first, creates a revulsion against it because of some physiological reaction, but later because of the same reactions it creates a sense of pleasure and satisfaction. Fatigue, high blood pressure, sweating, breathing are just some of the few physiological effects that can, at the very start, put off practitioners from exercising, in case they don't have strong enough motivation to continue working out. Practitioners who manage to go through the initial uneasiness because they are out of condition, later on enjoy all the activities with the presence of the same physiological reactions which, at first, were repulsive. Being uneducated and incognizant of some particularities considering the nature of exercising can be an obstacle on the way to practicing sport activities regularly.

Before the technological revolution, before computers, TVs, cars and other making-our-life-easy contrivances, people used to lead an active life. Exactly that facilitating effect of the aforementioned inventions represents a problem in regards to the drastically reduced number of burned calories on a daily basis. Those technological achievements enable the daily consumption of energy to be reduced to pressing buttons or giving out voice orders to a machine. American Center for Disease Control and Prevention (CDC) and the American College of Sports Medicine announced that each year in the USA 250,000 people lose their lives because of irregular, insufficient physical activity. If we compare that data to an annual death rate in the USA in traffic accidents (40,000), sexually transmitted diseases (30,000), drug overdose (20,000), we can notice a severe problem concerning the importance of sport and sport activities in the life a modern man (Sharkey, Gaskill, 2008,p.6).

Sport recreation can be an excellent means to fight against vices or the modern age. In regards to that, Đorđević underlines that by serious programming and carrying out sports-recreational activities, many socially unacceptable children's 118avourable inside school, can be avoided (drug, idleness, alcohol, physical clashes, sexual abuse and many others), (Đorđević, 2003,p.7). The young in today's circumstances are much more exposed to vices than it was the case in previous decades. The problem lies in a constant bombardment by media and social networks with information that have no constructive value what so ever. Aggressive attempts to stupefy young population are made in order to reach the goal of creating consumers' society with no sense for analytic and critical opinion. It's easy to offer morally questionable content to the young population contaminated with false information. The State has got to take responsibility and by 118avourable118 youths' energy into the creative processes to try and disable the degradation of the only potential it has – young, talented and educated people.

## ***SPORT AND EDUCATION***

Sport is an activity that puts all differences aside. Everybody can do sport, no matter their age, race, gender, nationality, social status and others. Among others, sport has an educational role, too. It develops a sense of affiliation with the group and it socializes individuals. Sport develops selflessness and focus on the goal. There are a lot of researches that show the connection between doing sport and educational achievement. The influence can be seen from different angles:

- Initially existing conditions: sport activity doesn't affect academic activity and those athletes (men and women) who are academically good are like that because of the initial conditions, like personal characteristics.
- Theory of the zero-sum: given that students have a limited amount of time and energy, those who participate in sport activities have smaller reserves that they can use on academic activities.
- The theory of development: through including students into sport, they can develop different skills and attitudes like managing their time, self-discipline and interpersonal skills, which can improve their academic activity.

The results of the research carried out in the USA support the theory of development and underline the effect of sport on academic activity (Beech, Chadwick, 2010,p.8).

By observing sport from a different angle, it can be seen that educated people give more importance to doing sport. The awareness of the significance of sport in a contemporary, sedentary way of life, moves educated people towards introducing sport activities into their daily routine. It is necessary to educate children and young people in regards to problems and illnesses of the modern age, as well as to educate them about proper nutrition and doing sport.

Students' responsibilities and activities which include both curricular and extra-curricular contents represent a demanding approach to sorting out available time. Sport is an activity which sets physiological and metabolic processes in motion and by that it enables better concentration and readiness for work activities. Opinions on what part of the day would be the most preferable and most functional to do physical activities and to have the best effect are divided. Sports activity program, whose health efficiency is the greatest, would be rated highest. Evaluation would have to be based on a pilot project that would cover all sport activities of different kinds of contents, conducted on a weekly level. Sport activities whose typology and contents would be an extra segment in regards to social and psychological development, could be set as an addition to regular every day classes. As an excellent example of carrying out extra-curricular activities, the practice that dates from the past can be taken (1940s and 1950s). The Belgrade Students' Sport Club (BSSK) started organizing mass sections and competitions, and a special form of doing sport activities on a larger scale, referred to as the "Sports' day", that was held every Saturday (Ilić, Mijatović, 2006,p.9). Period after WWII covered competitions for basic sport clubs and societies, but later on, organized competitions between university teams were formed.

## ***SPORT IN EDUCATION***

First data about student sport refer to the period between 1918 and 1941, when sport was supported at the level of students' sport societies (Society of Student Mountain Climbers, BUSK – Belgrade University Sport Club), without possibility of making it bigger, considering the problem with the lack of sport facilities and skilled personnel. A turning point in the development of student sport is the founding of the Belgrade Students' Sport Club (BSSK, year 1938). That club covered the work in more sections and with a larger number of students, and the program was based on taking care of physical culture, i.e. promoting, developing and nurturing all sport branches among Belgrade university students (Ilić, Mijatović, 2006,p. 9).

During the 1960s and 1970s, people started to pay more attention to classes of physical education and extra-curricular activities of young students. The goal was to implement physical education and sport activities into the educational system, as well as to define the role of physical education and to find its place in the educational system of younger generations. The initial basis for justifying this kind of commitment bottled down to the fact that there had been a discontinuity between body and psychosomatic development of students in the period between finishing secondary school and going into higher education. Those are the reasons that clearly presented the problem of disconnecting systematic and organized body exercises which, for a consequence, had a negative influence on students' health, their motor, functional and general abilities (Radovanović, 1987,p.10). After the Belgrade's University Council had made a decision in the year of 1969, the University Center for Physical Education of Students was founded, as an organizational unit of the Faculty of Sport and Physical Education in Belgrade. Physical education then gradually entered the programs of faculties, and it covered following sports: swimming, judo, rhythmic, gymnastics and skiing. Classes were introduced both as regular and elective (two classes per week). Regular classes consisted of 2,280 students, and elective around 6,000 students. Unfortunately, due to lack of financial means, the Ministry of Education and Sport abolished physical education classes in the 1990s (Ilić, Mijatović, 2006,p.9). This wide range of applied sports in the framework of physical education classes had made a true basis for magnificent results accomplished in decades after that period. Results justified investments in sport. Present politics and its strategy for developing sport have not taken into consideration this argument as a real justification for introducing sport into higher education. The accent has been put on the development of recreational sport, but by doing that the importance of the development of the entire younger population has been neglected. This strategy justifies the importance of developing recreational sport, but by doing so, financial means are invested in developing contents and system of sport activities that are based on the principle of voluntariness and personal ambitions. Youth needs education about the danger of the modern, sedentary way of life. They need guidance, motivation and quality contents.

In the past, the basis for practicing and studying techniques of a certain sport activity was made out of the following working and teaching principles:

- The principle of scientific and educational approach to teaching;
- The principle of relatedness between theory and practice;



- The principle of conscious activity of the students;
- The principle of individuality of teaching habits;
- The principle of permanence in accepting knowledge, skills and habits (Radovanović, 1987,p.10).

Today's circumstances don't allow the application of the programs which were used in a completely different system. Democratic social system and the Bologna Declaration impose completely different principles in the way teaching process is programmed. Unlike the period in which the society imposed methods and the contents of carrying out classes of physical education, modern society allows our right to choose and it is based on the principles which rely on individual interests.

Students have different affinities for sport activities. A wide range of available contents has to represent the basis for gaining students' interest and for maintaining their trust. The teaching process of vocational and general subjects having suffered a change, sport as a potential subject of the educational plan in all faculties, will have to offer a quality and interesting program.

## ***RESULTS OF THE RESEARCH***

This research covers 212 subjects (students) in the period from May 5<sup>th</sup> to May 15<sup>th</sup> 2015, on the territory of Novi Sad and Zrenjanin. The survey was conducted in 10 faculties and one college.

Students who were questioned were observed through the prism of descriptive statistics in regards to frequency (N), arithmetic mean (M), standard deviations (Sd), minimal and maximal values and percentage of incidence (%) and comparative statistics (in case of two-categorical independent variables Mann-Whitney Test was applied, while in the case of multi-categorical independent variables the applied tests were Kruskal-Wallis Test and General Linear Model (GML) – Multivariate Test).

*Table 1: Students' involvement in sports*

		Do you do sports?			
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	YES	116	54,7	54,7	54,7
	NO	96	45,3	45,3	100,0
	Total	212	100,0	100,0	

In table 1, the frequency of students' involvement in sports is shown. Based on these results, it is noticeable that the percent of those who do sports is a bit higher. These results are alarming considering the fact that a significant percent (45%) of students doesn't do sports. If we take into account the data that 15,6% of interviewed students are from the Faculty of Sport and Physical Education, who do sports inside and outside the faculty, then this data about the percent incidence of students who do sports implies a severe problem.

*Table 2: Introducing sport into higher education*

Sport / Physical activity should be introduced into higher education		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	YES	161	75,9	75,9	75,9
	NO	51	24,1	24,1	100,0
Total		212	100,0	100,0	

Table 2 shows the results which refer to the frequency of students' attitudes about the need to introduce sport (physical activity) into higher education program. The results seem encouraging considering that the majority of students (75, 9%) have a positive attitude towards the idea of introducing sports into higher education program. The awareness about the importance of sport is present with the younger population. Motivation is the key when it comes to deciding whether one will do sport or not. If we compare results from table 1 and table 2, we can see that a certain number of students don't practice sport activities, but have a desire to do so. They should be offered certain sport activities that would be classified as an institutional way of doing sports.

*Table 3: ANOVA (Gender, Doing sport, Attitudes toward introducing sport into higher education)*

ANOVA						
GENDER		Sum of Squares	df	Mean Square	F	Sig.
Do you do sports?	Between Groups	8,084	1	8,084	38,197	,000
	Within Groups	44,444	210	,212		
	Total	52,528	211			
Sport / Physical activity should be introduced into higher education	Between Groups	,250	1	,250	1,362	,245
	Within Groups	38,482	210	,183		
	Total	38,731	211			

By analyzing the ANOVA variance, the importance of the difference between the students of different sex in regards to two criteria was shown: doing sports and the attitude towards the idea of introducing sport (physical activity) into higher education program. Based on the results of this analysis, the first factor has a statistically significant difference between students of different gender. A statistically important difference wasn't noticed in regards to the second factor.

*Table 4: Comparing arithmetic means (gender/doing sports)*

**Report ((Compare Mean)**

Do you do sports?

Gender	Mean	N	Std. Deviation
Male	1,2340	94	,42567
Female	1,6271	118	,48563
Total	1,4528	212	,49895

With the goal of defining the difference more clearly, comparison between arithmetic means was carried out and it was noticed that male students do sports in higher percent than female students. These results were not unexpected, but they show the need for animating female students to do sports as well the need to inform them from different aspects about the significance of doing sports.

*Table 5: ANOVA (Sciences you are studying are...?/ Doing sports; Attitudes toward introducing sport into higher education)*

		ANOVA				
<i>Sciences you are studying are...?</i>		Sum of Squares	df	Mean Square	F	Sig.
Do you do sports?	Between Groups	6,365	1	6,365	28,953	,000
	Within Groups	46,164	210	,220		
	Total	52,528	211			
Sport / Physical studies should be introduces into higher education	Between Groups	,960	1	,960	5,340	,022
	Within Groups	37,771	210	,180		
	Total	38,731	211			

By analyzing the ANOVA variance, the importance of the difference between the students who study social/natural sciences was shown in regards to two criteria: doing sports and the idea of introducing sport (physical activity) into higher education program. Based on the results of this analysis, it's noticeable that there is a statistically significant difference in both of the abovementioned factors.

*Table 6: Comparison of arithmetic means (natural – social sciences/doing sports; introducing sports into higher education)*

<i>Sciences you are studying are...?</i>		Do you do sports?	Sport / Physical activities should be introduced into higher education program
Social	Mean	1,2162	1,1486
	N	74	74
	Std. Deviation	,41447	,35817
Natural	Mean	1,5797	1,2899
	N	138	138
	Std. Deviation	,49540	,45535
Total	Mean	1,4528	1,2406
	N	212	212
	Std. Deviation	,49895	,42844

By comparing arithmetic means it is noticed that students of social sciences are more sport-oriented than students of natural sciences. In regards to introducing sports into higher education program, students of social sciences are more accepting than students of natural sciences. What complicates the analysis of these results is the fact that students of the Faculty of Sport and Physical Education fall under the category of students who study social sciences. Given the fact that sport and physical education are the basis at this faculty, answers to questions about doing sports and expressing the

attitude towards introducing sports into higher education, contribute in great extent to the noticed statistic difference. In that purpose, an additional analysis was carried out, with an elimination of the subjects who are students of the Faculty of Sport and Physical Education.

*Table 7: ANOVA (Sciences you are studying are...?/ Doing sports; Attitudes towards introducing sports into higher education)*

<b>ANOVA</b>						
<i>Sciences you are studying are...?</i>		Sum of Squares	df	Mean Square	F	Sig.
Do you do sports?	Between Groups	1,794	1	1,794	7,412	,007
	Within Groups	42,843	177	,242		
	Total	44,637	178			
Sport / Physical activities should be introduced into higher education program	Between Groups	,015	1	,015	,071	,790
	Within Groups	36,455	177	,206		
	Total	36,469	178			

By eliminating subjects who study at the Faculty of Sport and Physical Education, we are presented with a more real picture about doing sports and attitudes towards introducing sports into higher education. There is a statistically significant difference in regards to doing sports, but not in regards to attitudes towards introducing sports into higher education.

*Table 8: Comparison of arithmetic means (social – natural/doing sports)*

Report (Compare Mean)			
Do you do sports?			
<i>Sciences you are studying are...?</i>	Mean	N	Std. Deviation
Social	1,3415	41	,48009
Natural	1,5797	138	,49540
Total	1,5251	179	,50077

By comparing arithmetic middles it can be concluded that, in regards to doing sports, students of the faculties of social sciences are more active than students who study natural sciences. It would be interesting to further explore the factors that affect the fact that students of natural sciences are not as interested in sports as students of social sciences.

*Table 9: ANOVA (What year of studying are you in / Doing sports; Attitudes towards introducing sports into higher education)*

**ANOVA**

Years of studying at the faculty		Sum of Squares	df	Mean Square	F	Sig.
Do you do sports?	Between Groups	4,443	4	1,111	4,782	,001
	Within Groups	48,085	207	,232		
	Total	52,528	211			
Sport / Physical activities should be introduced into higher education	Between Groups	2,010	4	,502	2,832	,026
	Within Groups	36,721	207	,177		
	Total	38,731	211			

By analyzing ANOVA, it was noticed that there is a statistically significant difference between students in different years of studies in regards to both factors (doing sports; attitude towards introducing sports into higher education program).

*Table 10: GLM- LSD test (Year of studying/ Doing sports)*

**Multiple Comparisons – General Linear Model (GLM)**

Do you do sport? (LSD)

(I) Year of studying	(J) Year of studying	Mean Difference (I-J)	Std. Error	Sig.	95% Confidence Interval	
					Lower Bound	Upper Bound
Third	First	,2096*	,08725	,017	,0376	,3816
	Second	,3996*	,11046	,000	,1818	,6174
	Forth	,3867*	,10851	,000	,1728	,6007
	Senior undergraduate	,3475*	,15589	,027	,0402	,6548

\*. The mean difference is significant at the 0,05 level.

By using the LSD test, which is a complex comparison, in the frame of general linear model, comparison of arithmetic 125avou inside of a multi-categorical variable (year of studying), was carried out. The results show that there is, in regards to doing sports, a statistically significant difference between the students of third year and all other students.

*Table 11: Comparing arithmetic means (Year of studying; Doing sports)*

Report (Compare Mean)  
Do you do sports?

Year of studying	Mean	N	Std. Deviation
First	1,4713	87	,50207
Second	1,2812	32	,45680
Third	1,6809	47	,47119
Forth	1,2941	34	,46250
Senior undergraduate	1,3333	12	,49237
Total	1,4528	212	,49895

By comparing arithmetic means it was noticed that the third year students are in great extent less active in regards to doing sports than all other students. As a possible reason, we can name that the third year students are not able or they don't have enough energy to spend their precious studying time on doing sports because of the great amount of studying material and obligations (exams) from the previous two years.

*Table 12: ANOVA (What faculty are you in/ Doing sports; Attitude towards introducing sports into higher education)*

ANOVA

What faculty are you in?		Sum of Squares	df	Mean Square	F	Sig.
Do you do sports?	Between Groups	6,365	1	6,365	28,953	,000
	Within Groups	46,164	210	,220		
	Total	52,528	211			
Sport / Physical activities should be introduced into higher education program	Between Groups	,960	1	,960	5,340	,022
	Within Groups	37,771	210	,180		
	Total	38,731	211			

The results of the ANOVA analysis show that there is a statistically significant difference in regards to both factors (doing sports and the attitude towards introducing sports into higher education program).

*Table 13: Comparing arithmetic means (Faculty / introducing sports into faculties)*

Report (Compare Mean)  
Sport / Physical activities should be introduced into higher education

What faculty are you in?	Mean	N	Std. Deviation
Technology	1,1667	18	,38348
Law	1,1000	10	,31623
Economy	1,1538	13	,37553
Agriculture	1,3333	21	,48305
Sport and Physical Education	1,0000	33	,00000
Mathematics	1,2353	17	,43724
Technology Novi Sad	1,3333	27	,48038
Technical sciences Zrenjanin	1,3333	24	,48154
Technical college Zrenjanin	1,2500	28	,44096
Medicine	1,3333	15	,48795
Philosophy	1,8333	6	,40825
Total	1,2406	212	,42844

Based on the comparison of arithmetic means, it can be noticed that the students of the Faculty of Sport and Physical Education and the Faculty of Law, are the leaders in regards to having a positive attitude towards introducing sports into higher education program, while student of the Faculty of Philosophy are at the top when it comes to having a negative attitude towards the same matter.

## ***ANALYSIS OF RESULTS***

Students' engagement in sport activities, as well as their attitude towards the need to introduce sport (physical activity) into the higher education program, was analyzed by carrying out this research. The results point out that a problematically low percent of students do sport activities. By developing media and marketing in sports, sport contents became more available in regards to watching sports events. What is ironic is the fact that the increase of sport development decreases the number of people who do sports. The focus has been shifted from actively doing sports to passively enjoying sports (the observer phenomenon). Noticeable are the results that confirm a certain degree of a statistically significant difference in regards to observed variables.

The State has got to be included in the process of actively directing younger population towards sports by ensuring that institutional and extra-institutional conditions for doing sports exist. The state can affect a parallel and highly supporting system that could cover investments in the area of implementing sports into higher education program, as well as the investments into developing recreational sports activities outside of educational institutions. How much that offer would be applied, depends on the experts' suggestions, affinities of the young, financial possibilities for investments in that direction etc. It is necessary to enable an adequate relationship towards the parallel development, so as to use the potential of both segments to the maximum. Recreation as an extra-institutional form of doing sports has great meaning for those individuals who experience sport as a competitive activity too psychologically demanding. Recreation has a significant role in improving and

maintaining health. It has a compensatory –corrective role and it replaces what the modern way of life and work takes away from people. The goal is to create a positive habit for deliberate, organized, substantial and useful way of spending spare time by systematically including young population into recreational activities (Đorđević, 2003,p.11).

The state can influence the development of sport on several ways, and they include:

- Abolishing certain activities
- Regulation and giving permissions
- Building facilities (or supporting their construction)
- Initiating and supporting bigger sport competitions
- Finances
- Through education (including health education as well)
- Cooperation with sport institutions (Beech, Chadwick, 2010,p.8).

Raising awareness about the importance of practicing sport activities needs to be conducted systematically. Importance of this task imposes the need for a synchronized work of multiple factors: the State (Ministry of Resources most importantly), higher education institutions, media, local communities etc. The initial basis has got to be a thorough analysis of the present state in practice, as well as the possibility of gradually implementing sports into higher education program.

## ***CONCLUSION***

Sport is an activity of a special significance for the Republic of Serbia (Law on Sport, 201,p.12). Numerous researches around the world underline the importance of scientific organization in work and rest, as well as the necessity for a more versatile development of sports activities as a significant aspect in the process of humanizing work (Blagajac et al., 1986,p.5). Researches on the effects of physical activities and sports on work efficiency and health benefits of the employees have got to be a priority in regards to social responsibilities of the state, scientifically-exploratory elite, organizations, health trusts, insurance companies, unions etc.

The State should take the important role in the development of sport. It is necessary to systematically gain access to the development of children's affinities towards sports, so that sport would later on be an integral part of their lives. Forming healthy habits in children's lives is a precondition for a quality life. Sport develops sense of responsibility, organization and pedantry, which represents an important advantage for a proper functioning in the work environment, inside the family and one's circle of friends.

Higher education institutions that cover the area of sport and physical education have got to invest great efforts regarding their engagement in research activities, so as to lobby for implementing sports into higher education program by using their results. Throwing physical education out from higher education programs ceased the existence of the heuristic spirit in regards to researching the importance of sport for students.



Even though 40 years have passed, priorities in the direction of researching have not changed and they can be presented with the same attention in today's circumstances. With respect to this fact, special attention should be devoted to the next areas of exploratory actions:

- Physical education and sports at Universities;
- Evaluating and keeping track of transformational processes in physical education and sport;
- Psychological aspects of academic sport and physical education;
- Medical aspects of academic sport and physical education;
- Social and cultural values in general of physical education and student sports;
- Academic achievements and university sports (Radovanović, 1987,p.19)

The State has got to determine the most important activities in the direction of promoting, developing and implementing sport into higher education system. This research could be a guideline to other similar, more massive and more profound research that could, under the sponsorship of Line Ministries, present the initial step towards reaching the frequently mentned goal – introducing sports (physical activity) into higher education program.

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## ***CAREER DECISION MAKING OF TALENTED STUDENTS***

*Soňa Michalková<sup>17</sup>*

### ***ABSTRACT***

*In an era where skills and knowledge of employees are amongst the main competitive enablers, organisations cannot ignore the significance of attracting and retaining talented people. Thus gifted people are becoming targets for human resources management of many companies, which try to persuade and attract them to work for their company. For talented people this situation may be stressful, because they have to make a strong and hard decision, when they have to answer the questions such as: which way should they continue, where should they work, what is the best option for them, what kind of job will satisfy them the most, etc.*

*This paper describes the process of decision making of talented people and examines its importance, general theories and concepts. By using a literature related to the topic this paper provides comprehensive overview of factors that have an impact on career choices and decision making of talented people. Furthermore, this paper describes and defines close terms related to main topic such as career, multipotentiality, giftedness or talent management.*

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***Key words:*** *Career, Career Choice, Decision Making, Talented Students, Multipotentiality*

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<sup>17</sup>Soňa Michalková, Institute of Applied Psychology, Faculty of Social and Economic Sciences, Comenius University, Bratislava, Slovak republic, [sonya.michalkova@gmail.com](mailto:sonya.michalkova@gmail.com)

## ***INTRODUCTION***

The main task of companies in today's rapidly moving, dynamic, uncertain and highly competitive global market is attracting and retaining valuable staff members. Those employees should be productive people capable to make efficient and profitable decisions. Competition for employees is becoming an increasingly important issue, in literature called "Talent War", where talented people are the targets and objectives for success. Michaels, Handfield-Jones, and Axelrod (2001) define talent as a sum of person's abilities – his or her intrinsic gifts, skills, knowledge, experience, intelligence, judgment, attitude, character and drive. It also includes his or her ability to learn and grow. The nature of talent then, is such that, in order to realize its full potential, individuals must be continually inspired to do their best, and groups must be properly aligned and motivated to deliver their top collective performance. Term talent is in literature very often connected with multipotentiality or giftedness, which both frequently refers to individuals who have numerous and diverse abilities and interests.

Because gifted people are good at many things, highly motivated, and eager to explore new experiences, decision making becomes much more complex when choosing from several equally compelling career options. Our aim was to describe the process of career decision making of talented people and also factors impacting on their career choice, and to examine close terms related to this topics, such as multipotentiality and giftedness, talent management, etc.

Our research methodology is literature based and provides a literature overview of results from several researches and studies about factors which play a dominant role in decision making and career choice of talented people. In addition, this article may provide practical recommendations and implications of our conclusion for practical life.

## ***MULTIPOTENTIALITY, GIFTEDNESS AND TALENT MANAGEMENT***

The term multipotentiality/giftedness has numerous and various definitions, but in generally we can define it as a term which refers to individuals who have many and different abilities and interests. As Frederickson (1979, p.268) says, a multipotential person is "any individual person, who when provided appropriate environment, can select and develop any number of competencies to a high level". In literature about gifted and talented individuals, some researches have used the term multipotentiality in reference to multiple. As a result of this, term multipotentialed has become equated with the originally defined term gifted and talented. Department of Education, the National Association of Gifted Children has described gifted and talented children as those, whose require differentiated educational programs and services, than regular schools usually offer, because they possess extraordinary abilities and are capable of or high levels of performance in any of numerous sphere, including general and special intellectual ability, leadership, visual and performing arts, creative and strategic thinking and physical skills.

Due to a numerous amount of interests and abilities, gifted people have to face many attractive career options and career decision. Unfortunately, there are just few jobs that can fully cover the interests and abilities of talented people and use their high potential and flexibility. As a result of this, multipotentiality can be viewed as hindering successful decision making (Rysiew, Shore, Leeb, 1999).

The main aim of organizations among the whole world is to increase an importance and potential of those gifted existing or prospective employees through talent management. Vaiman, Scullion and Colling (2012) refer to linkage between talent management and management decisions. This idea of linkage was built on the definition of goals of talentship decision science by Boudreau and Ramstad (2007), where success of the company can be increased by improving decisions that may depend or impact talent resources. As a result of this, human resources must transpose the importance from the provision of services to supporting key decision within the business, especially related to talent. In the following Vaiman, Scullion and Colling (2012) mentioned key factors influencing talent management decision making in the global context:

- talent shortages
- demographics and societal trends
- corporate social responsibility
- diversity
- the increasing mobility
- permanent shift to a knowledge based economy
- growing importance of emerging markets.

This study written by Vaiman, Scullion and Colling (2012) means a critical element of strategic human resources management in the multinational enterprise and emphasizes a number of key factors which had a great impact on decision making and can influence decision making in talent management in the future. Authors of study recommends that for effective decision making in talent management is that talent management should be a part of organizational strategy and organizational culture.

Until now, we have discussed about talent, and talent management. By talent management theory the importance of talent and effective decision making – on a part of company/employer – has been defined and examined. In the following we consider decision making on a part of talented job seeker and applicants.

## ***CAREER CHOICE AND DECISION MAKING***

Theorists and researches have provided a series of definitions focusing on the main characteristics of the career. According to the National Career Development Association (Sears, 1982), career is a totality of work and leisure in which a person is involved in her or his whole life. Gysbers and Moore (1981) have suggested that the term career contains various tasks, roles, circumstances and places that people have to confront in a lifetime. Generally we can say that career is a progress and actions taken by individual throughout a lifetime, especially those related to individual's occupations. Usually career consists of the jobs held, earned titles and work

accomplished over a long period of time. Whereas the term career describes complex and lifelong self-development, it has been replaced by the phrase “life career development” (Chen, 1998). Herr and Cramer (1992) proposed that careers are unique to each individual, created by the person’s choice and decision, dynamic and unfold throughout person’s life path, integrated subjects of prevocational and postvocational deliberations and interrelated with person’s other life in family, community and leisure. Probably the most dominant theory about career is Super’s Developmental Self-Concept Theory based on life-span, life-space approach to career. Super’s theory divides individual’s career into career developmental stages: growth, exploration, establishment, maintenance and disengagement. Person plays a different role in every stage and has to manage certain tasks according to role requirements.

Ginzberg (1984) and his colleagues agreed with Super’s theory of life-long developmental career. He added that as a person enters into different phases of life, his or her views, and positions on careers choice are defined. According to this, career decision is not permanent, irreversible and unalterable process, but rather, can be adapted as time passes and life circumstances change. Ginzberg (1984, pp.180) claimed: „Occupational choice is a lifelong process of decision making for those who seek major satisfaction from their work. This leads them to reassess repeatedly how they can improve the fit between their changing career goals and the realities of the world of work.“ Another is theory by Miller-Tideman & Tideman’s (1990), so called life career theory, where career choice and decision making is mainly self-organizing process in finding of life career in direction from to within.

As was mentioned in the introduction, in this part of our paper we will focus on the process of decision making of gifted people and their career choices. Talented people have many interests, abilities, high potential and their main aim is personal growth and self-actualization. According to this, and current labor market, the process of decision making in this case is more complex and longer than usually. Furthermore, career decision making can be highly stressful and difficult challenge for gifted and talented students. Gifted students face with the high expectations, excellent results in school or job in others, and their own unique traits and characteristics (Greene, 2006). While choosing the work, they are in situation when they have to think about many factors and choose the best career option that will cover and develop all their knowledge, abilities, and interests and fulfil them. Kerr (1981) classified careers decision-making problems into three areas:

- making a single career choice despite multipotentiality,
- making long-range career plans before having the necessary emotional maturity, and
- reconciling personal career goals and social expectations.

These problems usually modify into career indecision, which often becomes apparent in high school. Career choice of gifted student has been the main topic for numerous researches, for example, in a 10-year follow-up study, Perrone, Karshner, and Male (in Rysiew, Shore, Leeb, 1999) found that individuals who had maintained direct and stable career since high school graduation were more satisfied and have achieved a higher position in work. Those individuals, whose career had been volatile and uncertain seemed to be less capable to acknowledge any weakness or limitations.

Germeijs and De Boeck (2003) focused on career indecision and results in their study showed that when students have to make a career decision, three elements can be defined as possible sources of indecision. A factor analysis of items, concerning several sources of career indecision has shown evidence for three factor that can be interpreted as an information factor, valuation factor, and an outcomes uncertainty factor. The information factor refers to how well students feel informed about the alternatives, the valuation factor refers to valuation problems related to the objectives and the value of the outcomes, and the outcomes factor refers to uncertainty about the outcomes. Mitchel (1990) explains career decision making as a way to identify the interaction(s) between four influencers: genetic factors, environmental conditions, learning experiences, and task skills. These four influencers are described as the following:

1. *Genetic endowment and special abilities* – an individual's genetic and special abilities can influence their career decisions. Genetic endowment can include race, gender, physical appearance and body, height, weight and various abilities such as musical, artistic, creative or scientific abilities.
2. *Environmental conditions and events* – individuals are influenced by the environment in which they grow up, live, work, etc. Factors that control career decisions may be of human origin or natural forces. Typically these factors are outside of the control of the person. Examples of human origin factors are economic or political situations, social and cultural forces training opportunities and labour laws. Examples of natural forces are weather conditions, natural resources, etc.
3. *Learning experiences* – an individual's learning process is influenced by all previous learning experiences that result in career choice. Authors recognize two learning experience types: instrumental learning – individual acting on environment for certain learning outcomes; and associative learning – individual reacting to stimuli, observation, or comparing events which promote learning.
4. *Task approach skills* – when an individual engages in a new task, certain skills are utilized. In order to successfully complete the new task, the individual may use skills such as work habits, performance standards, and perceptive skills.

As was mentioned in the introduction, the process of career decision making is usually very hard, intensive and stressful challenge for talented/gifted students – in a case of choosing high school or university, but also in job selection. Especially in job selection talented applicants have to consider various factors that may influence their job satisfaction. According to their high motivation and numerous abilities, work behaviour and performance of talented people is different compared to regular employees, but also compared to established organizational culture, work methods and practices. Problems with job satisfaction can include unfulfilling workload, low and less responsibilities, stereotyped work, etc. Persson (2009) in his descriptive study analyses career choices and work satisfaction of intellectually gifted individuals'. During the examination of work satisfaction he found that some individuals were haunted by limited work satisfaction because of limited or unsuitable tasks and unsuitable management. The problems usually became with speed and efficiency, when intellectually gifted participants had to solve some problems and tasks. Persson (2009) describes it like the lack of any kind of challenge is problem of them. Furthermore, their type of work may well suit them, but when the management, does not know how to get the best out of her/his employee, use and develop their potential, because they are so much different than other employees in the

organization, the gifted employee runs into trouble. This problem can be caused also by organizational structure, because of its formal and bureaucratic nature, which becomes obstacle to creative and flexible minds. Problems occurred also when talented employees were working in a teams or with co-workers where there was a difference in capacity to understand, process tasks and identifying and solving problems. The intellectually gifted individual understands cause and effect much better and faster than other “regular” employee and can often also see solutions to problems yet undetected by others. In a short, lesser competence and ability of co-workers and management becomes a problem to a high intellectually individuals, and no doubt for her or his management and co-workers also (Persson, 2009).

Based on the results of study Persson (2009) explains three “reasons” or differences that can cause and have impact on individuals’ work satisfaction, namely: the degree of experienced challenge, freedom and variety. These three are related to the so called Job Characteristics Model (Oldham, 1996), which describes aspects of work known to make possible a productive, positive, and satisfying work situation. They are: skill variety, task identity, task significance, task autonomy and task feedback. This concept we can consider as a key resource for gifted individuals according to their career choice and decision making, where: employers should provide to gifted employees (because it provides a job satisfaction, hard work and development to gifted employees); and gifted applicants should take into account while choosing the job. This model contributes to the fact, that problem is not in intellectually gifted employee and his requirements, or his personal nature as such, but probably it lies in organizational culture.

As a conclusion we can say that intellectually gifted individuals have to face a very exhausting and stressful, but very important challenge while choosing their university or job. Mentioned theories confirmed complexity and expansiveness of the term career, which contributes to the fact how important career decision making is. Career choice is usually automatically associated with work satisfaction, therefore intellectually gifted applicants while choosing the career/job have to consider many factors that may have an impact not only on their selection, but also personal and professional growth and satisfaction.

## ***FACTORS INFLUENCING CAREER DECISION MAKING***

This part of our study consists of results achieved in researches that examined factors influencing career choices of students. Theoretical framework to this area provides The Social Cognitive Career Theory by authors Lent, Brown and Hackett (2002) and its three components: self-efficacy, and outcome expectations which represent career decision making variables. These four influencers are described as the following: **self-efficacy concept** dominates career development theories and is usually and the best described by question/statement: “Can I do this?” Self-efficacy acts as a mediator which motivates people to achieve a special goal (Feltz, Payment, 2005). Bandura (in Chuang, Dellman-Jenkins, 2010) defines self-efficacy as individuals’ judgements of their capabilities to organize and perform tasks/practices of action required to achieve certain designed types of performances. Researchers believe that self-efficacy belief can be acquired and modified though four primary informational sources: personal performance accomplishments,

vicarious learning, social persuasion and physiological states and reactions (Lent, Brown, Hackett, 1994). Second variable is called **outcome expectations**. This can be defined as belief about consequences or outcomes of performing particular behaviours. Bandura maintained that individuals' behaviour is affected both by their sense of personal capabilities (self-efficacy) and by their beliefs about the likely impacts of various actions (outcomes expectations). Lent et al. (1994) claimed that outcome expectations related to potential career paths derive from a variety of direct and indirect learning experiences. Another variable **vocational exploration** refers to a process that an individual engages while choosing a career (Blustein, Ellis, Devenis, 1989). This process contains various sources of information (about one's self, the vocational world, and alternative options) and involves activities such as testing occupational preferences and interests, evaluating suitability and obtaining feedback, establishing career goals and overcoming barriers and obstacles, and engaging in and committing to a career choice (Blustein et al., 1989). The last one, **career intentions** is factor defined as to which extent a person has managed and specified conscious plans to perform or not perform some certain behaviour in the future. (Warshaw, Davis, 1985). Furthermore, the Social Cognitive Career Theory present also personal characteristics, contextual factors, and learning experiences as important determinants in influencing one's career exploration and career development process. Lent et al., (2002) claim that personal and contextual variables have the application and play a significant role in reducing and increasing the career choice process in personal agencies.

The Social Cognitive Career Theory provides a theoretical basis for study by Chuang and Dellman-Jenkins (2010). Authors focused on factors influencing undergraduate hospitality students' career intentions in the hospitality industry. A survey was attended and completed by total of 360 hospitality students and assessed career decision making, expected outcomes, and items focused on academic-related decisions and demographic background. Logistic regression analysis revealed that career intentions in hospitality were significantly associated with students' gender, work experience, transfer status, and outcome expectations in the industry. Rewards most frequently reported by students focused on intrinsic outcomes of the industry (opportunities for career accomplishment and self-fulfilment).

Aycan and Fikret-Pasa (2003) explored the factors that influenced Turkish university students' career choices, job selection criteria, and leadership preferences. Participated in this study were 1,213 senior and junior management students from 17 universities across 6 regions of Turkey. Data collection was accomplished through a self-administered four-part questionnaire. Obtained results showed that some **cultural characteristics** were reflected in career choices of the student, where personal values, wishes and expectations were the most significant factors that influence career decisions. Further I was market forces and availability of jobs, and the least significant factors was fulfilling families' and important others' expectations. Mau (1995) has also focused on cultural differences in career decision making. This study examined the cultural relevance of two important career constructs: career decision-making style and career decision-making self-efficacy. Two distinct cultural groups of college students, 540 of Americans and 1026 of Taiwanese participated in this cross-cultural study. Results suggested that career decision-making styles have differential impacts on career decision-making self-efficacy, depending on the **cultural background of the individuals**. Results also showed significant differences in career decision-making style and career decision-making self-efficacy as a function of nationality and gender.



Influences on the career decision-making of gifted students are related to their self-concept and perceptions of the characteristics required to compete and be successful in a career (Miller, Cummings, 2009). Another object of researchers examining factors impacting on career decision was therefore **influence of mothers, peers and school environment** and their roles in shaping the self-concept of gifted girls. Mothers had a significant impact on how the girls perceived their own abilities and on what constituted an appropriate career. Grant (2000) through questionnaires and interviews with talented women found that factors significantly affecting the professional aspirations of women are particularly parents as well as expectations regarding marriage and the family. Likewise, according to a study by Fiebing (2008), were respondents talented girls from America and Germany, and on the question of who had the greatest impact on their goals for education and career girls identified most often parents, mother and herself. The attitudes of mothers had a significant impact on what alternatives gifted girls considered when choosing a career. Jacobs et al. (1998) also found that mothers' attitudes toward women in science were the most significant factor in whether their daughters would consider a science career. The mothers had a great influence on the career choices of their daughters because they wanted to persuade them that their daughters have the talent and ability required to take on a science career. An important factor related to family and parents is the way of support, as well as education itself, when raising a child is essential for the development of talents. Miller, Lambert and Neumeister (2012) stated in his study that just and benevolent authoritarian style of education associates with a high degree of creativity in children.

**School environment** creates a certain path as a career, but not mixed schools (girls' school) does not support stereotypes in the choice of a career as a mixed school (Schoon, 2001). Gifted students, despite high intelligence and great potential of Chen and Wong (2013) small-minded, with perfectionist tendencies and meet gender prejudices.

Watters (2010) is an author of the study which examines the roles of **teachers** in career decision making or shaping of young talented students. In study the top performing 200 students (approximately 1%) within a particular education jurisdiction at the beginning of their first year at university were surveyed and 20 interviewed about their school experiences using a biographical interpretive design. This study focussed on identifying those characteristics of teachers which supported students' interests. Participants identified seven characteristics of teachers that students identified as supportive of their potential career pathways. These included connecting pedagogical practices with student interests, being passionate about their subject matter, having good content knowledge, making learning experiences relevant, setting high expectations of students, being a good explainer of complex ideas, and being a good classroom manager. The most favourite characteristic of teachers awarded by students was an ability to link the interests of students with teaching experience. The number of students appreciated also the passion and enthusiasm for learning or specific area and also high expectations from teachers who worked to students encouraging. However, analysis of the results revealed no evidence that the teachers would fundamentally affect students towards a particular career orientations.

Miller and Cummings (2009) have also focused on the **prestige** of job, field of study, etc. In their research they found that gifted students generally aspire to careers that they and society consider prestigious Greene (2006), who also dedicated to career, decision making and gifted and individuals states in her study that and important factors are **personality traits and characteristic**, such as abilities, interests and values. These factors, including

also multipotentiality, further specialization of early career and personality traits – perfectionism, sensitivity, greater sense of social responsibility, excessive emphasis on academic area and the expectations of others are significantly affecting career choices of gifted students. Following we will describe some of them.

We have defined **multipotentiality** in one part of our study as a term related to term giftedness. Multipotentiality for gifted students presents benefit providing a choice of several career options, but on the other hand, making a decision may be perceived as a burden. Consequences of multipotentiality in adults may cause often changing the jobs, due to the perception that the job is not fit enough, despite the excellent performance at work. Feelings of alienation, depression, apathy appear irrespective of high performance and evaluation, it may results into unemployment (Kerr, 1990).

**Early career specialization** is manifested by exceptional talent in one particular area and the average interest and performance in other areas. Students can create a strong identity in the field of interest, which gradually can lead to neglecting of other subjects but also social and extracurricular activities. These students make career choices early but the elections are not premature. As adults continue a strong focus on that area can cause for example starting a family. Kerr finds morning specialization not as a problem but as an opportunity, but it can be neglected or ignored when talents and interests of the child are overlooked, the child is not given the necessary education and support and its interest is vilified (Kerr, 1990).

Another factor from the “group” of personality traits and characteristic is **perfectionism** defined as positive energy, which helps talented students realize their potential, is connected with perseverance and efforts to achieve high goals. Many perfectionists suffer from fear of mistakes and this affects the planning of their careers. In particular, individuals characterized by unhealthy perfectionism delay their career decision or try to avoid it (Greene 2006).

Finally we are describing **expectations of others** as another variable affecting career decision making. Many people expected that talented people will succeed thanks to their talents and can do anything. But just pressure from expectations on the part of others, and also persistent myths about gifted individuals mean that for this group is deciding on a career studying particularly difficult and can lead to increased indecision (Stewart, 1999). Expectations that gifted students are facing not only from their surroundings but often they put themselves, can negatively influence their personal development and career (Delisle, 1985).

According to personality, Shafer (2000) in his research studied life task dimensions which were hypothesized to mediate the Big Five’s effect on career decision making. Factor analyses found five life task and seven career decision making factors. The big five were moderately predictive of life task and career decision making factors. Regression revealed that the life task factor of progress mediated the influence of conscientiousness and extraversion, but not neuroticism on career decision making.

As was mentioned, decision making is automatically associated with indecision. Germeijs and De Boeck (2003) has described in their study three factors of indecision that are derived from decision theory and we have decided to put them again, because ultimately they also have influence on career choice or decision. Namely they are: **being insufficiently informed about the alternatives, valuation problems, and uncertainty about the outcomes**. Those three factors were examined and their

research was attended by high school students who have to face the career decision process of choosing further studies. Gathered data were obtained through factor analysis. The results confirmed empirical evidence for a differentiation between the three theoretical sources of career indecision: an information factor, a valuation factor, and an outcomes factor, but only the valuation factor and the outcomes factor seemed to associate empirically with career indecision. The importance of both factors for career indecision was further supported by their intermediate role between general indecisiveness and career indecision.

## ***CONCLUSION***

The subjects of our work were career choices and career decisions gifted students. After defining the basic concepts and approaches related to the subject, such as career, talent management, multipotentiality we focused on factors which may affect the career choice and decision-making. After studying the available literature related to the issue of career options and career decision of talented/gifted students our study presents and offers a comprehensive overview of the factors that may influence these choices and career decisions. Namely they are: self-efficacy, outcome expectations, vocational exploration, career intentions, cultural characteristics and cultural background, influence of mothers and peers, school environment, teachers, prestige (of jobs, field of study), personality traits and characteristics, early career specialization, perfectionism, expectation of others, and three factors derived from indecision: being insufficiently informed about the alternatives, valuation problems and uncertainty about the outcomes.

Career decision-making process is difficult and quite burdensome in itself, since one decision can have an impact on several factors such as job satisfaction, motivation to work, even happiness and joy of life. At the same time, this decision may influence how our near-term will look in the future and what direction will be taken, which may last for two months, six months, three years, even a lifetime. For talented students is a career decision a little harder and more complicated for several reasons. First of all, it's a number of different areas which can they as talented choose or attractive employments, when is up to them where and for whom they want to work. On the other hand, it is parents, employers, friends or classmates/colleagues but also the students/applicants themselves who have high expectations and great demands. The result of these hopes and expectations is stress, worry, fear and negative thinking of gifted students, which may lead to failure.

The aim of our work was through literature and available results of scientific studies to substantiate and contribute the fact about diversity and excellence of career decision making of talented people compared with "normal" students. The work provides a holistic and rich overview of factors that talented students have to face while decision making. Career decision making requires increased attention not only of the students themselves, but also parents, colleagues, future employers and of course advisors, when career counselling of gifted students requires special approaches and methods. Our work can thus provide a basis for providing career services for companies, but also secondary schools with gifted students. At the same time the study provides theoretical basis for further research of career choices and talented people.

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## ***EDUCATION AS A FACTOR OF THE DEVELOPMENT OF RURAL TOURISM IN THE REPUBLIC OF SERBIA***

*Radovan Pejanovic PhD<sup>18</sup>*

*Gordana Radovic MSc<sup>19</sup>*

### ***ABSTRACT***

*The aim of this paper is to highlight the need and importance of the education and the development of human resources in rural tourism in the Republic of Serbia. The authors give an overview of current statistical data on relevant characteristics of the rural population in the Republic of Serbia in terms of the development of the rural tourism. The authors conclude that there is an inactive rural population that is possible to engage in rural tourism, but that their education can be a limiting factor of the development. Bearing in mind that the basic characteristic of rural tourism like direct contact of host and guest, the authors suggests possible modalities for financing education and development of human resources in rural tourism in the Republic of Serbia.*

***Key words:*** Education, Rural Tourism, The Republic of Serbia, Financing

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***338.48:37***

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<sup>18</sup>Radovan Pejanovic, Faculty of Agriculture, University of Novi Sad, Serbia, pejanovic@polj.uns.ac.rs

<sup>19</sup>Gordana Radovic, Faculty of Agriculture, University of Novi Sad, Serbia, gordana.radovic09@gmail.com

## ***INTRODUCTION***

Rural tourism, according to the definition that was adopted in 1986 in the European Union, includes all tourist activities that can be implemented in rural areas. Rural tourism, as part of the tourist offer, has significant meaning for integrated rural development. The development of rural tourism provides: (a) job creation and income growth of the rural population; (b) the development of the rural economy and sustainable rural development; (c) the preservation of traditions, culture and identity of rural communities; (d) valorization of natural and anthropogenic values of rural areas. “Beyond the economic area, tourism is a factor in stopping the migration, the impact on raising the educational and cultural level in the countryside, and the urbanization and politicization of farmers.” (Pejanović, 2013, pp.201)

Rural tourism can be a relatively “sensitive” element of rural development due to the fact that: (a) investment, the opening of new businesses and employment may be limited due to low tourist traffic; (b) rural tourism requires a lot of skills to be successful, this type of tourism dealing with in rural entrepreneurs, who often do not have the specific qualifications required for tourism; (c) rural tourism includes many micro enterprises; (d) the tourist season is often short, and as a result is a short period for the implementation of revenue, or to “supply capital” (Roberts, Hall, 2003, pp.6)

According to (Mitchell, Hall, 2005, pp.3), rural tourism is one of the most labor-intensive industry, representing a potential contribution to job creation and economic development of rural areas, which is often the most important element in rural development strategies.

Tourism in rural areas in European countries was present even in the period of the industrial revolution, and the 70-ies of XX century becomes a part of the strategy of development of rural areas. In recent years the twentieth century rural tourism in Europe recorded a growth rate of tourist demand of 52%. (Todorović, Bjeljic, 2007, pp.147)

According to the European Federation for Farm and Village Tourism (EuroGites) in 2014 in Europe was around 500,000 units or service providers in rural tourism. Rural tourism includes more than 100,000 providers of other services that are directly related to rural tourism, as a result, this type of tourism has more than 1.3 million directly or indirectly employed in the territory of the Europe (Klaus, 2014).

Rural tourism has economic, social and political significance. This type of tourism allows the marketing of agricultural products at higher prices than the market, initiate the development of non-agricultural activities, provides a revenue growth of population and the development of rural areas. Income from rural tourism can provide a surplus in the balance of payments, if the rural tourism product creates demand and foreign tourist market. Rural tourism allows exploring different cultures, customs, gastronomy, lifestyle, and thus contributes to a better understanding of different peoples.

The aim of this paper is to highlight the need and importance of education and human resources of the development, as well as identifying and the developing leaders in the rural tourism in the Republic of Serbia. Continuously education is necessary due to the fact that rural tourism is a multidisciplinary activity that involves direct contact between guests and hosts. The Republic of Serbia has the necessary resources, but rural tourism is underdeveloped. In order to adequately valorise the human resources and the development of rural tourism in line with European standards, it is necessary to educate subjects of rural tourism, as well as to define the modalities of its financing.

## ***EDUCATION AND RURAL TOURISM***

Education is a key condition for the development of rural tourism. It involves training providers for tourist and catering business, foreign languages, as well as the standardization of services, knowledge of the normative framework, accounting regulations, agricultural production and processing of agricultural products, ecology, principles of marketing, entrepreneurship, psychology, history, culture and traditions of rural areas.

In the modern economy, which is often called the knowledge economy, „the most important is to quickly and efficiently respond to the anticipated and unusual demands of the market.“, and „an important factor is the providing of knowledge that adds value.“ (Tisen et al., 2006, pp.10-16) In order to educate personnel in the industry and services it is necessary the knowledge transfer, and the transfer of science that involves “dialectical unity of theory and practice which mutually interconnected.” (Pejanović, 2010, pp.29) For quality and continuous transfer of knowledge are required competent personnel, and the presence or absence of such personnel in the economy, the profession and the practice appears as one of the essential conditions of the transfer of knowledge.

Transfer multisectoral knowledge is a necessary condition for development of rural tourism. Fast and qualitative development of this type of tourism in European countries was based on functional education and training of the personnel. In Austria, were organized continuous free education providers. Education was obliged, lasted 120 hours and included a “general culture, tax policy, calculations, keeping, dealing with guests, organization of time (in order not to marginalize the primary agricultural production), the professional part, marketing and entrepreneurship, and optional and english. “(Katica, 1996, pp.14-17).

A similar model of education of the personnel in rural tourism was applied in Slovenia. In this state is the education of rural tourism entities, in the initial stage of development, was in charge of Chamber of Agriculture. Agricultural Chamber organized a basic training, which was a condition for the registration activities of rural tourism on the farm. Training consisted of general and practical work. The general part consisted of a theoretical part on tourism, shaping tourism offer, regulations, skills of sales and promotion . The practical part of the education consisted of training for landscaping, dealing with guests, preparation and serving of the food. At the end of the course laid the exam. The Exam included a seminar, within each participant presented a program of tourist activities on their farm.

## ***RURAL TOURISM IN SERBIA***

Tourism is often called in the literature “model of economic development” due to the complexity of the tourism offer and demand that combines products and services to different economic activities. The Republic of Serbia does not have adequate development of the tourism resources at its disposal. The reason for this is not the definition of a clear strategic direction of the development of priority tourism products, inadequate valorisation of resources, but also insufficient finances investment in the development of this activity. Rural tourism in the Republic of Serbia began to develop spontaneous in the 70s of XX century. The first guests arrived in the household in a village Devići in the municipality of Ivanjica. It was the beginning of rural tourism not only in Serbia but in the whole Yugoslavia (Marković, Ostojić, 2012, pp.29).



Rural tourism in the Tourism Development Strategy has been included in the 11 priorities of the development of tourism products in the Republic of Serbia, based on the experience. (Strategija razvoja turizma RS, 2006) There is no official data on the number of registered agricultural households engaged in rural tourism. According to the information given in the Programme for sustainable development of rural tourism in the Republic of Serbia, based on the estimations of the local tourist organizations, in 2009 in the Republic of Serbia was 10,567 beds in rural households.

According to the information given in the Programme for sustainable development of rural tourism in the Republic, Serbia, in 2009 achieved 145 354 registered overnight stays in rural tourism in the strict sense and 2,556,128 overnight stays, which can be attributed to rural tourism, making a total of 2,700,000 or 27% of the total the number of overnight stays in the Republic of Serbia in all aspects of tourism. It is estimated that in 2010 it accounted for 10 billion dinars in revenues from rural tourism, which accounts for 16% of the total of 62 billion dinars, which is the total direct tourism gross domestic product in Serbia in 2010 (Program razvoja održivog ruralnog turizma u RS, 2011).

*Table 1: The territorial distribution of agricultural households in the Republic of Serbia which are dealing with rural tourism*

Name of the Region (District)	Number of farms engaged in tourism
Belgrade Region	14
Vojvodina Region	93
- West Bačka District	13
- South Banat District	14
- South Bačka District	19
- North Banat District	11
- North Bačka District	10
- Central Banat District	6
- Sremski District	20
Region Sumadija and West Serbia	295
- Zlatiborski District	127
- Kolubarski District	22
- Mačvanski District	18
- Moravički District	37
- Pomoravski District	11
- Rasinski District	39
- Raški District	18
- Šumadijski District	23
Region South and Eastern Serbia	112
- Borski District	22
- Braničevski District	18
- Zaječarski District	27
- Jablanički District	4
- Nišavski District	6
- Pirotski District	18
- Podunavski District	1
- Pčinjski District	10
- Toplički District	6
Region Kosovo and Metohija	-
Total:	514

*Source: Census of Agriculture 2012 – Agriculture in the Republic of Serbia (2012): Volume II, National Institute for Statistics, Belgrade, pp. 190-197.*

According to data from the Census of Agriculture in the Republic of Serbia in 2012, except primary agricultural production, other profitable activities related to farm deals with 78,301 or 12% of the total number of agricultural households. According to the same source, rural tourism deals only 514 or 0.7% of these farms and their territorial distribution is shown in table 1.

Average of tourism in other profitable activities on the farm is 0.66% on the entire territory of the Republic of Serbia. By region, this proportion is the highest in Vojvodina and makes 1.11%, in the Region of Sumadija and Western Serbia is 0.67%, and in Southern and Eastern Serbia in Belgrade region 0.48% (Bogdanov, Babović, 2014, pp.63-66).

The development of rural tourism would allow to reduce the rate of “mortality Serbian villages”, because according to the Census 2011, in the process of dying has 1,200 villages.

The reason for the depopulation of rural areas in the Republic of Serbia is their underdevelopment and increasing poverty rates.

Poverty is, in recent years, has become “a rural phenomenon” due to the fact that in rural areas are poor, 14.2% of the total population, while in urban areas 7.8%. The cause is the fact that in the transition period the largest part of the population in rural areas remained without income security. Poverty is especially pronounced in the South East and West part of Serbia, whose rural population makes up 25% of the total number of poor in the Republic. (Bogdanov, 2007, pp.50). Based on research conducted in late 2009 concluded that every other farmer lives below the poverty line, because the structure of the population according to the level of poverty farms makes up 54%, 34% of non-agricultural and 31% of mixed households (Cvejić et al., 2011, pp.3).

Poverty is the most represented in the rural areas where economic activity is exclusively focused on agriculture, and where there are no conditions for the intensive development. According to the World Bank study, “Rural vulnerability in Serbia” in the rural areas that are marginal for agriculture, about one million people live below the poverty line with two US dollars (USD) per day, since these areas almost exclusively rely on agriculture, and this activity is up to 68% of households the main source of income (Đorđević-Milošević, Milovanović, 2012, pp.39). Therefore, in these areas it is needed the “reorientation” of the human resources to other non-agricultural activities, particularly in rural tourism.

## ***PROBLEMS IN THE DEVELOPMENT OF RURAL TOURISM***

Problems in the development of rural tourism in the Republic of Serbia are: (a) the absence of a register of rural tourism and rural tourism defined standards; (b) insufficient association service providers in rural tourism, as well as their education; (c) insufficient supply of tourist facilities; (d) the underdevelopment of infrastructure and tourist signs; (e) incompatibility of the rural tourism operators provided by legal solutions to the current situation in practice; (f) the underdevelopment of tourist mediation or the insufficient involvement of the travel agencies in the promotion and marketing of the rural tourism products (Radović, 2013, pp.121).

In order to develop rural tourism in Serbia it is necessary to apply the key principles of a tourism development strategy: (1) an integrative approach in the creation of touristic products; (2) the complementary performance of all activities of interest for tourism; (3) travel offer must be meaningful; (4) the rural environment needs to be authentic; (5) the development should be implemented on the principles of environmental sustainability; (6) rural tourism based on the study and understanding of the needs of tourism; (7) include effective marketing; (8) provide financial incentive funds; (9) include the coordination and cooperation; (10) implement education and training; (11) provide standardization and categorization (Košić, 2012, pp.268).

In order to develop it is necessary to build a strategic approach, efficient organization of a large number of entities involved in rural tourism, but also to provide adequate normative and regulatory framework. It is necessary that the development based on the principles of economic, ecological, social and cultural sustainability. It is necessary that the development is based on the principles of economic, ecological, social and cultural sustainability. More concretely it is necessary to provide the sustainable management of natural human, social, physical and finance resources of rural tourism.

## ***RESOURCES OF RURAL TOURISM***

Rural tourism is a segment of multifunctional rural development, and for its development the necessities are: (a) natural (b) human; (c) social; (d) physically; (e) financial resources.

*Natural resources* significant to the development of rural tourism in the Republic of Serbia are: the natural beauty and diversity, richness of the flora and fauna, relatively environmentally clean air, water and land, rich in the thermal waters, pleasant climate etc. „Based on the criteria of the World Conservation Union (IUCN) territory of the Republic of Serbia is one of the six European and 153 world centers of biodiversity. The total area of protected natural areas accounts for 6.5% of the total territory of the Republic of Serbia, where a total of five national parks, 98 nature reserves, 16 protected landscape zones, 296 nature monuments, 24 nature parks, with 215 plant species and 462 kinds of animal types which belong to the protected and rare species.“ (RARIS).

*Social resources* significant for the development of rural tourism are: the wealth of folk customs, folklore, handicrafts, traditional crafts, and a rich cultural and historical heritage, the typical ethno features, traditional gastronomy, as well as a multitude of events that take place in rural areas. “Events have social significance in the preservation of traditions and cultural heritage, but can also have economic significance if they are integrated into the touristic offer and adequately promote the domestic and international tourism market. According to the official data in the Republic of Serbia there are about 1,000 different events, but it is estimated that there are many more“ (Radović et al., 2012, pp.704).

*Physical resources* of importance for the development of rural tourism: (a) traditional rural architecture; (b) cultural-historical monuments; (c) arranged museums,

galleries, libraries and other cultural institutions in rural areas; (d) preserved religious buildings; (e) public infrastructure of adequate quality; (f) quality tourist signalization.

Rural areas in the Republic of Serbia have the most natural resources, but it is necessary to invest financial means in order to enable them to engage in tourist activities. The problem are tourist signs, which are almost non-existent in rural areas, except for the marking the wine roads. Another problem is the low quality of public infrastructure, which includes transport, telecommunication, energy and municipal infrastructure. To this end it is necessary to actively involve entities to deal with spatial planning and development policies at the national, regional and local levels. Also, quality sources of financing are needed due to the fact that it is all about capital investment.

*Financial resources* are one of the biggest limitations of the process of the growth of rural tourism development in the Republic of Serbia in the current situation and that in terms of: (a) the insufficiency – in quantitative terms; (b) the unavailability of quality financial resources (Radović, 2015, pp.67).

Limited financial resources are not only a characteristic of rural areas in the Republic of Serbia. A similar problem is current topic in economically developed countries. For example, in North America limited financial resources are significant development limitation of many rural areas and poor rural areas exercise their right to the donation by the higher level administration (Timothy, 2005, pp.54). Therefore, in the Republic of Serbia, the state financial support should be the primary modality of the financing of rural tourism in the initial stage of the development. At the same time, a system of financing of rural tourism based on market principles, should be established. It is necessary to complete the development of market competition, in terms of the inclusion to domestic banking market, besides the commercial banks and other financial institutions, such as the micro-credit organizations and savings credit cooperatives, etc.

## ***HUMAN RESOURCES***

With the aim of the development of rural tourism in the Republic of Serbia it is necessary to put mentality characteristics of rural population in focus, such as: hospitality, openness, cordiality, etc.. For the evaluation of human resources in terms of their importance for the development of rural tourism in Serbia it is important to consider the following indicators: (a) the share of rural population in the total population; (b) the age structure of the population in rural areas; (c) the level of education of the population in rural areas; (d) the unemployment rate of the population in rural areas.

*The share of rural population in the total population* – According to the census of 2011, the population living in rural areas makes 40.6% of the total population in the Republic of Serbia. The aforementioned data indicates a good resource base for development of rural tourism.

*Table 2: The age structure of holders of agricultural holdings in the Republic of Serbia by regions in 2012*

Age groups	Republic of Serbia (%)	Belgrade Region(%)	Vojvodina Region (%)	Region Šumadija and West Serbia (%)	Reg. South and Eastern Serbia (%)	Reg. Kos.and Metoh.(%)
to 35.god.	4,8	4,3	7,4	4,0	3,8	-
35.-44.	11,1	9,7	14,2	10,5	10,0	-
45.-54.	20,9	20,8	24,4	20,4	19,0	-
55.-64.	30,4	33,5	29,4	30,5	30,4	-
over 65.god.	32,8	31,7	24,6	34,6	36,9	-
Total	100,0	100,0	100,0	100,0	100,0	-

*Source: Bogdanov, Babović, 2014., pp. 43.*

*The age structure of the population in rural areas* –According to the statistics referred in the Strategy of Agriculture and Rural Development of the Republic of Serbia for the period 2014 to 2024<sup>th</sup> year, every fifth resident of the village is older than 65 years, and in the Southern and Eastern Serbia, one in four. (Strategija poljoprivrede i ruralnog razvoja Republike Srbije 2014.-2024.) The aforementioned data is a major constraint on the development of rural tourism. The age structure of the rural population is most preferably in the region of Vojvodina (Table 2).

*The level of education of the population in rural areas* – According to the data from the Census of Population, 2011, in rural areas in the Republic of Serbia prevailing is secondary school qualification, which has 49.1% of men and 36.0% women. The high share of the total population consists of residents who have only primary education, and even 30.4% of the female population is without primary education. Higher and high level of education has only 6% of women and 6.2% of men (Table 3).

*Table 3: The educational structure of the population in rural areas in the Republic of Serbia according to Census in 2011*

Level of education	Man (%)	Women (%)
No school and uncompleted primary school	16,6	30,4
Primary school	28,0	27,6
Secondary school	49,1	36,0
Higher and high level of education	6,2	6,0
Total	100,0	100,0

*Source: Bogdanov, Babović, 2014, pp.28.*

*The unemployment rate of the population in rural areas* – According to the data from the Labour Force Survey for 2014 in rural areas, a total number of 196,643 unemployed people, represents 36% of the unemployed population in the Republic of Serbia. In the total number of unemployed residents of rural areas women make up to 55% and men 45%. The gender structure of the unemployed rural population represents a potential for rural tourism development considering that this activity employs predominantly female workforce. In the structure of the unemployed rural population 28.6% are residents in the most productive part of life (from 25 to 34 years). In this age group, women make up 29.6% and men 27.7%. The age structure of the rural population also represents a potential for the development of rural tourism in Serbia (Table 4).

*Table 4: Unemployed population in rural areas in the Republic of Serbia by age and gender*

The age	Unemployed population		Unemployed man		Unemployed woman	
15.-24.	44.156	22,5%	27.017	24,8%	17.139	19,6%
25.-34.	56.163	28,6%	30.191	27,7%	25.972	29,6%
35.-44.	43.655	22,2%	20.912	19,2%	22.744	26,0%
45.-54.	35.688	18,1%	18.264	16,8%	17.424	19,8%
55.-64.	16.898	8,6%	12.521	11,5%	4.377	5,0%
Total	196.643	100%	108.988	100%	87.655	100%

*Source: Labour Force Survey, 2014, Republic Institute for Statistics, Belgrade, pp.51.*

The structure of the unemployed population in rural areas doesn't consist of persons with primary education, and prevailing are residents who have a medium level of education, and make up 65.3% of the total number of unemployed. The unemployed with higher education make 9.9% of the total number of unemployed, and this group is predominately made by women who consists of 13.4% of the most educated unemployed rural population. The educational structure of the unemployed residents in rural areas, almost a quarter (24.8%), are residents who have only basic education (Table 5).

*Table 5: Unemployed population in rural areas in the Republic of Serbia by level of education and gender*

The level of education	Unemployed population		Unemployed man		Unemployed women	
No school	-	-	-	-	-	-
Primary school	47.973	24,8%	26.795	24,6%	21.178	24,7%
Secondary school	128.241	65,3%	74.195	68,5%	54.047	61,9%
Higher and high level of education	19.099	9,9%	7.503	6,9%	11.597	13,4%
Total	196.643	100 %	108.988	100 %	87.655	100 %

*Source: Labour Force Survey, 2014, Republic Institute for Statistics, Belgrade, pp.51*

Based on these statistics data we can conclude that in rural areas lives 36% of the total number of unemployed persons in the Republic of Serbia, and most of the unemployed rural population has a favourable age structure and secondary level of education. The level of education of the rural population can be a limiting factor for the development of rural tourism, and resources are needed to finance education of the population.

## ***FUNDING OF EDUCATION***

In order to develop rural tourism, it is necessary to organize a general and practical training of personnel, as well as to provide its sources of funding. The initial education of subjects of rural tourism should be organized on the model of Austria and Slovenia, but taking into account the specific characteristics of the rural population in the Republic of Serbia.

*Table 6: Potential modalities for funding education personnel in rural tourism in Serbia*

Modalities for funding
(1) state subsidies
(2) international donations
(3) IPA – instrument-border cooperation
(4) public-private partnerships
(5) IPARD
(6) „business angels”
(7) joint ventures
(8) microcredit organizations
(9) Savings Credit Cooperatives
(10) self-financing

*Source: Radović, 2015, pp.197.*

Continuous general and practical education is needed in order to continue to raise the quality of services and leadership evolvent of rural tourism in Serbia. Leaders of rural tourism should be entrepreneurial-oriented and “real driving force in the early stages of entrepreneurial work is often visionary leadership of entrepreneurs.” (Pejanović, Njegovan, 2009, pp.184).

*Table 7: Potential modalities for funding the development of leaders in rural tourism in Serbia*

Modalities for funding
(1) state subsidies
(2) international donations
(3) IPA instrument-border cooperation
(4) public-private partnerships
(5) self-financing
(6) Savings Credit Cooperatives
(7) microcredit organizations

*Source: Radović, 2015, pp. 199*

Potential modalities for funding of education personnel and development of leaders in the current initial stage of organized rural tourism development in Serbia are: state subsidies, international donations and IPA instrument for cross-border cooperation. For the implementation of other financing modalities it is needed to innovate normative and institutional framework, in effect of the existence of the accumulation of own financial means (Tables 6 and 7).

## **CONCLUSION**

The Republic of Serbia has the necessary resources for the development of rural tourism, but this activity is not developed enough. In order to develop it is necessary to invest financial resources in order to increase the quality of each segment of the rural tourism offer. The research concluded that in rural areas in the Republic of Serbia are 40.6% of the total population and 36% of the total number of unemployed and the working population. In the structure of unemployed women are predominated and residents in the most productive period of life, which is a good precondition for the development of rural tourism. Unfavourable educational structure of rural population requires additional education in order to develop rural tourism in Serbia.

Education of rural population is an important factor in the development of rural tourism in Serbia. It is necessary to provide the overall (theoretical) and practical education of the subjects of rural tourism, the development of leaders, as well as the modalities of its financing. The development of rural tourism would enable the rural, and regional development, which is of special importance for the Republic of Serbia regarding the large regional differences in economic development. The development of rural tourism would provide an additional source of income for the rural population, which would allow to reduce poverty, especially in the regions of Eastern Serbia, which have rich natural and anthropogenic resources to develop this kind of tourism.



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***PART II***  
***ENTREPRENEURSHIP EDUCATION***





## **ENTREPRENEURSHIP EDUCATION THE SUREWAY TO BETTER EMPLOYMENT**

*Adepoju Oludare Israel<sup>20</sup>*

### **ABSTRACT**

*The progress of a nation is anchored on the level of the resourcefulness of the citizen of that nation which to a great extent relates to the level of quality training acquired in form of education. We say a nation is developed when its citizen are gainfully employed and per capital income is enhanced. This could only be possible when government educational policies are geared towards a functional education that can lead to job creation and self reliance. Nigeria as a nation is blessed with various wealth creation opportunities as well as its rich yet untapped natural resources and endowment, but its sadden and unfortunate because larger proportion of its citizens lived in abject poverty and face worsening unemployment. To checkmate and mitigate the scourge of this hydra-monster unemployment, poverty and joblessness, compulsory inclusion of entrepreneurship education in the curricula of the three levels of higher education in Nigeria should and must be encouraged. This paper examines entrepreneurship education as the sure way to better employment in Nigeria.*

**Key words:** *Entrepreneurship, Education, Employment, Unemployment*

**JEL Classification:** *L26, I20, J60*

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*37.048.4:[005.961:005.914.3*

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<sup>20</sup>Adepoju Oludare Israel, Nigeria

## ***INTRODUCTION***

Education is the key to national development. The reason is that it unlocks the economic potentials of the people, empowers and equips individuals in society to participate in and benefit from their national economy; it facilitates development and provides the basis for transformation. Education is the essential tool for sustainability; it is the bedrock of any entrepreneurship. Societies in developed nations of the world are successful as a result of the right kind of education and relevant information (Skills) they are exposed to.

*“Education gives **information** needed and necessary for a successful entrepreneurial program, this information in turn creates **capacity**, which is then converted to **capability or empowerment** which now gives birth to **employment**.”*

Entrepreneurship education has continued to feature as a captivating theme in local summits and international conferences because of its potency as tool for mitigating unemployment and other social-economic challenges inhibiting sustainable development in all parts of the globe.

Entrepreneurship education as part of the total educational system is the type of education that involves the acquisition of skills, ideas and management abilities necessary for job creation. An entrepreneur promotes employment rather than seeking for an employment. Therefore, there is a need to embrace this type of education and provide all the necessary resources needed to make it functional. Quality entrepreneurship education could be used as a tool for fighting the war against poverty and unemployment in Nigeria.

## ***UNEMPLOYMENT DEFINED***

Unemployment can be defined as what occurs when people are without work and actively seeking work (International Labour Organization). It is a condition where qualified citizens of many nations who suppose to engage in one function or the other and have them paid by the employers are not employed. Unemployment is when somebody is not working in any firm or under any organization irrespective of the fact that the person is qualified for the function. Many governments of different countries are treating unemployment without kid gloves, yet the rates keep growing day after day.

Unemployment has its causes and consequences. What may be the major cause of unemployment in one country may not be the major cause in the other country. For instance, the major cause of unemployment among Nigerian youths is lack of skill acquisition when they were in their institutions of higher learning while theseir institutions of higher learning while this may not be the major cause in United States of America. The consequences of unemployment are numerous that all cannot be exhausted in this article. Many crime committed by youths of many countries can be traced to unemployment among them.

## ***OVERVIEW OF UNEMPLOYMENT***

According to International Labour Organization, which is an organization generally allowed in keeping records of employment and unemployment rates of the nations of the world, about 6% of the world population were unemployed in 2012. Before the end of 2013, the body predicted that about 73.4 Million young people are expected to be out of work in 2013(Global Empowerment Trend for Youth 2013).

From 2009 to 2011 the youth unemployment rate decreased from 12.7 per cent to 12.3 per cent. It increased again to 12.4 per cent in 2012 and has continued to ascend to 12.6 per cent in the year 2013. This is 1.1 percentage points above the 2007 level of 11.5 per cent. Global youth unemployment is estimated to be 73.4 million in 2013, which is an increase of 3.5 million since 2007 and 0.8 million above the 2011 level (Sourced from International Labour Organization website).

In Nigeria, the problem of unemployment is like thorn in the flesh of many citizens of the country. There are many causes of unemployment in Nigeria and possible solutions. It gives sleepless night to a lot of persons living in that part of the universe as they pray day and night for God to come and intervene. Many who were good Christians and practice good now turn to do what is not supposed of them due to high unemployment rate in the country. Those who have been waiting to turn over new leaf (changing for the better) by securing good lucrative jobs are becoming tired of waiting. Vanguard News online report on Monday, May 19, 2014 said that an estimate of about 60 million Nigerians are unemployed. The statistics is not a tall story (*tall story is an idiom that implies something that is not real*) at all. Nigeria is made up of population of 140 Million according to report by National Population Commission in 2006; though there is increase in recent time.

The most affected in the rate of unemployment that people of different parts of the world are facing are the youth. This report is according the International Labour Organization. The same source said that 13 percent of young people under the age of 24 years were employed in 2012. It went further to say that about 35 percent of the unemployed ladies and gentlemen have been out of work for six months (2012 report). In the same year, those who were most affected by unemployment were East Asia, South Asia, and Sub Sahara Africa.

In most developed countries, like the European countries, unemployment is also a bane of many people's life. The youth unemployment rate in 2012 is estimated at 18.1 per cent, the same rate as in 2010 and the highest level in this region (Europe) in the past two decades (Global Employment Trends for Youth 2013 by International Labour Organization). This report shows that unemployment had been a serious problem even among those whom other people who live in undeveloped part of the universe think are safe.

Unemployment among African youths is the most pressing among every other Continents. This part of the world is feeling a bit under the weather(feeling ill) as a result of unemployment and other challenges. In 2012, youth unemployment rate was highest in the Middle East and North Africa, at 28.3 per cent and 23.7 per cent, respectively (Global Employment Trends for Youth 2013 by International Labour Organization). Africa is a poor continent and this have added to the high level of unemployment they have been facing.

## ***CAUSES OF UNEMPLOYMENT***

### ***POOR EDUCATION***

This is the major cause of unemployment in most countries that do not take serious care of their education sector. Nations who do not backup what the students are taught in their individual institutions of higher learning with practical background are likely to 'vomit' graduates yearly who cannot make good impact to the society. When the graduates that are given out every year cannot defend what they studied, the only thing they do is to add to the unemployment level of the country.

Linking poor education level of nations with unemployment, Democratic Republic of Congo has one of the lowest education enrollments in Africa Continent. This poor education contributes seriously to unemployment in the country as many of their institutions were destroyed during the nation's Civil wars. So, the poorer the educations sector of any country, the higher the increase in unemployment rate of the country.

Nigeria as a country located in Africa has high unemployment as a result of weak education standard. Every year Nigeria higher school of learning rolled out graduate from the universities, polytechnics and colleges of education with little or nothing to contribute to the society (poor skills). According to National Bureau Statistics of Nigeria, more than 200,000 graduates graduated from Nigeria tertiary institution yearly. The question is: how many of these graduates secure jobs after their graduation? The answer is that very little number of them secure jobs after years of their graduation. The reason is because there are little facilities and poorly trained teachers who rendered poor services to the graduates when they were in their institutions. According to Thisday News (a news publication company in Nigeria) on 15th November, 2012, about 60% of Nigerian graduates are unemployed. The reason also centers on poor education of the country.

### ***LACK OF SKILLS***

It is hard to see any person who is full of skills and still suffer from unemployment. A skilful person can adapt in many environments and feed appropriately to the fullness. One of the principal causes of unemployment among adults of different locations of the world is because good skills which can give them good self-employment are lacking in them. There are many importance of skill acquisition.

In many nations of the world, undergraduates are seriously working hard to acquire material certificates without putting into consideration the importance of skill acquisition. A skilful human being can stand at any point of test. When paper certificates are supported with skills their strengths are increased.

It is not a crime for someone who is studying mechanical engineering to go to a road-side mechanic (technician) and learn how to repair vehicles. When he learns this, it lessens insult which may be added to his injury (worsen the situation of unemployment) after his graduation. What do I mean? Many who have graduated from mechanical engineering



department most especially in African Continent are unable to defend their certificates when they are called for practical interview. They may perform well in theoretical examination but failed when they were called to show their skills from what they learnt by repairing faulty vehicles. So to avoid worsening of the situation, they should learn skills necessary to see them through and can help them get their dream jobs even immediately after their graduation. When they have the necessary skills on their area of specialization, unemployment will be reduced as they will be employed; but contrary to that, there will be consistence rise in unemployment level.

It is shameful to hear that those who graduated from electronics and computer engineering in most developing or underdeveloped countries cannot produce or repair any electrical appliance. The major reason for that is because the skills needed are lacking. Youths, adults, and even the young are to go for skills to back themselves up.

### ***POOR GOVERNMENT PLANNING***

A government that fails in her duty to help minimize unemployment in any country is as bad as a shepherd that does not care for his flock. Some top government officials are after their selfish interest without considering the importance of making provisions for her citizens. Due to the government's weakness, unemployment becomes the major problem in the country.

Selfish governments does not work hard in creating production companies where citizens of the country can get employed to reduce unemployment; rather, they keep on stealing and embezzling the public fund. When the funds that are supposed to be used by the government to provide employment for the masses is not used, the next that follows is persistence rise in unemployment status.

### ***CORRUPTION***

Corruption can be defined as immoral action which could involve bribery and embezzlement (misuse) of public fund for personal use. A corrupt government can be said to be a government which makes use of public fund for their (the government officials) personal and selfish use. Corruption is a cause of unemployment because when those in government who are to use public money for building more manufacturing industries are busy embezzling the funds for their selfish use, the next is massive increase in unemployment rate.

According to 2008 census calculation in Liberia, 68 per cent of Liberians were unemployed in that year. In the same year, 2008, Liberia ranked 138 on the scale of 180 countries surveyed by Transparency International, which is a watchdog that fights corruptions in countries and keep the records. This means that when 138 is subtracted from the 180, Liberia is known to be the 42nd most corrupt in the world in 2008 and that is still high when it comes to corruption. When unemployment is connected to corruption, Liberia was the world most corrupt nation in 2013. It is clear evidence that corruption is also the major cause of unemployment.

Without going too far, Nigeria is the 8th most corrupt country in the world and this country also have high unemployment rate. The corruption in Nigeria government makes government of the country to spend less on the welfare of the citizens of the country. When corruption is taken as normal routine, functions which are to be done by three persons is being taken up by one person alone and that same one person collects salaries made for three persons. Why can't unemployment rate increase when such action is being observed in the country?

## ***WAR***

Wars have move many persons from heroes to zeros. That Democratic Republic of Congo is the poorest country in the world in 2013 and their poverty level is not because they want to be poor. The major causes are their two destructive Civil wars. These wars rendered many people homeless and destroyed many business establishments of many citizens which results to joblessness.

Many lecturers who are lecturing in many universities have lost their jobs because of wars. When the universities they were teaching in before are destroyed due to wars, where will they stay for their lectures to get paid in return? War is too bad and should be avoided because it can make a rich man to be poor overnight and start begging for foods.

## ***FRAUD***

Fraudsters have immensely dealt with many persons in the present time. They have turned a lot of persons to square zero where they have to start from little to gather until accumulations are achieved.

The used of internet is now becoming fearful because of internet fraudsters. Those who have internet as their source of earning legitimate cash pray every day not to be 'hit' by the wicked ones-internet fraudsters. The worst is that these heartless beings are capable of turning the efforts of many, who have been investing in their online businesses to nothing. How is that possible? Those who publish articles online and earn money in return from advertisers and through affiliate companies can become owner of no websites if the websites where they publish are hacked by internet fraudsters. When their sites are hacked, the publishers become unemployed and find living very difficult due to the bad actions performed by the internet fraudsters.

Still in line with fraud as one of the causes of unemployment among the people of today, many businessmen and women have been duped and become unemployed as there is no money to continue with the works that give them money. Sometimes bad people claim to be what they are not through the internet. They claim to be owners of big companies, oil wells, and things that resemble that just to dupe any who will pay for any goods to be shipped to the areas of his or her stay. This have made many people unemployed due to the facts that they have been tricked by the unknown and no other money to carry out with life activities. In fact, fraud is of 'many faces' and all cannot be explained in this article.

Truly, many have lost so much from internet fraudsters. According to internet Crime Complaint Centre Report, a total of about \$525, 441, 110 USD were lost through internet scam in 2012. In the same year, the body received about 289,874 complains from those who where scammed. Also, according to Sift Science, which is an organization that fights internet fraud, the top four countries that indulge in internet fraud in the whole world are Latvia, Egypt, United States, and Mexico. Latvia is the worst that indulge in internet fraud follow by Egypt, United States and then Mexico.

### ***POOR MECHANIZATION***

Mechanization can be defined as introduction of machines or automations to facilitate production processes. In most developing countries, lack of mechanization is one of the principal causes of unemployment among the citizens of the countries. Some people in developing parts of the world are still making use of crude equipments for cultivation of crops. This is why many quit or find it difficult to become engage in agriculture as their source of employment. But when agriculture in that part of the world is mechanized, people will find it interesting to practice agriculture with joy.

Many establishments would have employed more and more workers if there are good mechanization processes that are obtainable in those establishments. Taking universities as one of the establishments, when they are equipped with machines, like computers for accessing of information, big generators, air conditioners, and other valuable machines, some engineers, computer scientists and other people of different disciplines have their roles to play and they become employed. Poor mechanization is indeed a contributor of unemployment among people of different races.

### ***CONSEQUENCES OF UNEMPLOYMENT***

Unemployment is not a friend and nobody of any kind even a mad person will not like to make it his friend. The reason is because there are many consequences it can bring. The word, consequence, is an English word, which means results or effects. So, consequences of unemployment are those things which unemployment can result to. Hence, the consequences of unemployment are:

- Migration;
- Conflict;
- Crime;
- Low national industrial output;
- Poverty;
- Kidnapping and robbery; and
- Lawlessness

## ***MIGRATION***

Who will like to stay in any country where unemployment is on the high increase? Will you like to stay there if you are unemployed when you have other places to migrate to and secure good job at last? I am very sure that you will leave your country to another man's country where there is more availability of jobs to continue life in that part of the world.

What is migration? In this context, migration is movement from one particular area where one is located to another in search of 'greener pasture'. Unemployment have made many citizens of specific country to move to other countries, work in the new locations, earn their money from that new location, and even die there at their old ages because they take the new place they migrate to as their new homes.

## ***CONFLICT***

There is a popular saying: an angry man is a hungry man. What is that that make the man angry which subsequently leads to hunger? The answer is that unemployment can make a man angry which results to hunger. When large numbers of citizens are unemployed, conflicts can come in because they are angry and hungry at the same time.

Many disagreements that are going on in some states of the world can be attributed to unemployment. People who are unemployed can come up one day and plan to indulge in rioting because of the problem of unemployment in the state. They in some cases move to Government Houses of their states in anger to show the disagreement they have against the ruling government.

## ***CRIME***

What business does an employed worker have with criminal act going on in his or her country? Most people start thinking of one crime or the other that they will indulge in to make money when there is no source of income for them.

It is said that: an idle mind is devils workshop. Unemployment has made many minds to be idle which hence results to crime engagement. Many crimes committed today are because people do not have what they do for their living-unemployment. So, when they stay alone, they 'fabricate' one wicked act they will carry out, which is known as crime.

## ***LOW NATIONAL INDUSTRIAL OUTPUT***

It is clear that any nation which faces unemployment will have decline in industrial production. This is because those who are to be employed into various manufacturing companies are not given opportunities to boost the output of the country.

Employing graduates and learned persons will increase products which are yearly produced in many nations. When there is fewer numbers of cosmetic companies in a nation instead of having many, the yearly output made by the country will be small. But when there are many cosmetic companies that produce the same products, the yearly cosmetic products will be of high increase. The high increase is because more workers were employed which help in rapid outputs that were obtained. In the contrast, due to low national industrial output because of unemployment, nations Gross Domestic Product (GDP) decreases.

## ***POVERTY***

Mathematically, unemployment is directly proportional to poverty. Even any baby who is taught on unemployment can know that unemployment can result to Poverty. In the 2013 release of top countries that face high unemployment rate by International Labour Organization, Africa faces the highest unemployment rate. When this is compared with poverty level of African Continent, it is not farfetched that Africa continent is the poorest continent in the world. Yes! It is the poorest.

From the list of the world poorest country in the year 2013, the world poorest country is Democratic Republic of Congo located in African continent. In fact out of the top fifteen poorest countries released by the International Monetary Fund World Economic Outlook, fourteen of them came from Africa. The increasing order in the poverty level of the top fifteen poorest nations in the world as in 2013 is given as: Mozambique→ Ethiopia→ Guinea→ Togo→ Mali→ Afghanistan→ Madagascar→ Malawi→ Niger→ Central African Republic→ Eritrea→ Liberia→ Burundi→ Zimbabwe→ Democratic Republic of the Congo. Out of these top fifteen poorest countries of the world, it is only Afghanistan that merged from another continent.

## ***KIDNAPPING AND ROBBERY***

What is kidnapping? Kidnapping can be defined as abduction of any person to receive ransom which can be money before the kidnapped is released from the captive. In criminal Law, kidnapping is the taking away or transportation of a person against the person's will, usually to hold the person in false imprisonment, a confinement without legal authority (definition from Wikipedia). Kidnapping is of higher increase in the recent time and government and other important organizations are fighting on daily basis to see that the menace is reduced in many parts of the world.

Missing of human beings is a daily occurrence in the United States of America. An astounding 2,300 Americans are reported missing every day, including both adults and children. This is as reported by the body in charge of keeping the records of the missing persons. The question is: what are they used for or where can the abducted be found? Many persons said that some of these persons are used for sacrifices while others said that they are sold out to people in the form of slavery but nobody can really tell. According to a justice department study, nearly 90 per cent of the abductors are men.

According to the report on kidnapping, in the year 2000, Iraq was known to be the country with highest kidnapping activity with total of about 1, 500 foreigners kidnapped in that year. In the year 2004, Mexico registered the highest in kidnapping activity. Again, an estimate of about 12, 500 to 25, 500 persons are kidnapped per year in the world. In totality, the cause of the kidnapping can be traced to be unemployment as one who has no job to sustain him can indulge in such act to make some money which he or she will use for daily expenses. I do not think that a full flesh human being who makes enough money from where he is employed will have time to plot evil in the name of kidnapping to get ransom in return. Even if there are those who are working and still engage in kidnapping of people, they are of minimal number.

Robbery is another social criminal activity which can to be as a result of unemployment. One whose conscience is dead and wants to make money either by hook or crook can force himself into robbery to make money. Robbers have caused a lot of injuries to innocent persons and have shaded lots and lots of blood. Many do this because they want to meet up with the demand of life, which they think that the only option available to them is by armed robbery attacks.

### ***THE CONCEPT OF ENTREPRENEURSHIP EDUCATION***

Entrepreneurship education and training becomes very important machinery to meet this national goal. Nevertheless, while it is not absolutely necessary for an individual to obtain entrepreneurship training to be successful, obtaining an entrepreneurial education serves as a tremendous advantage to increasing the chances of success as an entrepreneur. This is because training is still focused and directed at achieving a purpose while education is all encompassing. Thus, great strides are required to be made towards the goal of educating people to become entrepreneurs to enhance economic growth and development.

### ***OBJECTIVES OF ENTREPRENEURSHIP EDUCATION***

The objectives of entrepreneurship education clearly show that it is concerned with the development and survival of both the individual and society. In fact, it is a tool through which social, economic and political development could be achieved. If it is properly planned, funded and implemented.

The objectives of entrepreneurship education are spelt out by Osuala (2010) as:

1. To provide meaningful education for youth which could make them self-reliance and subsequently encourage them to drive profit and be self independent
2. To provide graduate with the training and support necessary to help them establish a career in small and medium size business.
3. To provide graduates with training skills that will make them meet the manpower needs of the society.
4. To provide graduates with enough training in risk management to make uncertainty bearing possible and easy.
5. To stimulate industrial and economic growth of rural and less developed area.
6. To provide graduate enough training leer will make them creative and innovative in identifying new business opportunities.
7. To provide small and medium sized companies with the opportunity to recruit qualified graduates who will receive training and tutoring in the skills relevant to management of the business centre.

From the above objectives, it is evident that this type of education if it is given all it deserves and properly implemented will produce quality graduates that will foster job creation and reduce or eliminate poverty in Nigeria. This could be realized when the graduates are self-reliant by establishing their own business small/medium scale enterprises.

Job creation is one of the cardinal objectives of Millennium Development Goals. When an ample job opportunities is created it will invariably help to reduce poverty and enhance better standard of living of an individual in Nigeria. Job creation is an act of making work in which one receive regular payment available to the citizenry. That is creating an enabling environment for ample employment opportunities in the society. This is done by establishing cottage, small/medium scale enterprises in Nigeria.

### ***HOW ENTREPRENEURSHIP EDUCATION COULD HELP IN JOB CREATION***

Quality Entrepreneurship Education plays a vital role in the social, political and economic development of any Nation. This is possible when jobs are created for the citizenry by establishing a lot of businesses that will accommodate the unemployed youth in Nigeria. A qualified graduate of entrepreneurship education would have acquired enough skills relevant to management of small business centre.

- Creation of self-employment. An entrepreneur provides job for himself by establishing small business centre. This, according to Aiyeduso in Olorunmolu (2008) helps to reduce the problem of unemployment and other social vices in Nigeria. The entrepreneur does not only provide jobs/employment for himself alone, but provides for others too. This in turn helps the individual to increase per capital income hence improve standard living.

- The Entrepreneur determines or identifies the specific wants of the people and the type of goods and services that will fulfill those wants most comfortable. Emeruwa (2005) asserted that the entrepreneur does not only identifies but mobilizes and organizes the resources to tap the opportunities by assisting men, materials, money and machines to explore the opportunity.
- Production of goods and services that is important to the well-being, comfort and happiness of individuals in the society at large.
- Entrepreneurship stimulates rural, economic and industrial development. They contribute to the development of rural areas. They do this by establishing their small/medium scale enterprise in such areas by discouraging rural migration.
- They provide ample job opportunities to the rural dwellers. They also provide goods and services, which could be found in an urban area and sometimes provide infrastructural facilities.
- The entrepreneurs are usually motivated in their activities not only by the need for material contributions to the welfare of the communities but also desire to make profit. This uplifts the dignity of labour.
- Through entrepreneurship education, utilization of local resources is made possible. The graduates of this specialized education set up their small/medium scale business, which will enable them to utilize the local resources available in their vicinity. The uses of local raw materials are discarded by products of large firms as primary input in their production processes. Owualah in Olorunmolu (2008) asserted that in terms of their economic benefits small firms can be said to be greater in local resources maximizes than their large counterparts. The provision of raw materials for the big firms help them to increase their production hence employ more personnel thereby creating jobs for unemployed youth in the country.
- Through entrepreneurship education, A pool of potential entrepreneurs who are well equipped with skills and technical know how to manage small/medium scale industries are produced. This will equally help in job creation. Through quality entrepreneurship education, Nigeria could produce a lot of entrepreneurs who could establish and manage businesses on their own. Based on the above merits, it is no doubt that entrepreneurship education could be used as major weapon in achieving the Millennium Development Goals (MDGs) by empowering the individual in the society to be self- reliant. This will help reducing poverty in Nigeria.

### ***CHALLENGES OF ENTREPRENEURSHIP EDUCATION IN NIGERIA***

Quality Entrepreneurship Education could played a vital role in equipping individual with necessary intellectual capacity, skills and right type of work habit and attitude to be able to create jobs for the growth of the Nigeria economy. However, what is quite essential is the extent to which the entrepreneurship Education programme can be implemented to realize these goals. The programme is confronted with a lot of challenges which brought a setback in the attainment of its objectives. These challenges have not enable Nigerian to



enjoy the benefits of this programme as expected. This limits the achievement of the millennium development goals (MDGs) in Nigeria.

Some of the challenges have been pointed out by eminent scholars such as Gana (2000), Aiyeduso (2004), Osuala (2010) and they include:

- Poor funding by government and Non-governmental organizations.
- Poor or ineffective planning, supervision information and evaluation of the programme across the board.
- Inadequate teaching materials, equipment and infrastructural facilities.
- The challenges posed on globalization, information and communication technology (ICT) have effect on curriculum, methodology, facilities, staff and equipment.
- Inadequate qualified teachers and instructors as well as supporting staff at all level.
- Inadequate motivation for available teaching and non teaching staff which affects staff efficiency, retention, creativity and initiative.
- Emphasis on theoretical Knowledge rather than practical knowledge due to lack of entrepreneurship education centre.
- High level of corruption and very poor maintenance culture in the system.
- Poor enabling business environment, access to credit/ loan, infrastructural decay, mass poverty, inflation, technological infraction, political instability and insecurity of lives and properties which hamper economic and business activities.

## ***CONCLUSION/RECOMMENDATION***

Since early 1980's, Nigeria has a history of economic stagnation that has led to decline in white collar jobs. The inclusion of entrepreneurship course in all disciplines will to a great extent, assist in solving this problems of high unemployment and underemployment. Entrepreneurship education in this paper has been recognized as a key driver in encouraging business start up potentials among graduates (Wilson, Llewellyn,Robertson, 2003,p.9) cited in Mafela (2009,p.3).

Some argue that entrepreneurial capabilities are not inborn and as such entrepreneurship is a behavioural not a personality trait but can be learned. All the same, the attempts at stimulating entrepreneurial activities through formal training and education and therefore assume that they may be enhanced or developed by a guided entrepreneurial education. Others believe that entrepreneurship is inborn, that is, personality trait not behavioural. There are yet others including this author who believe that entrepreneurship is primarily learned by experience and discovery and that entrepreneurial learning should be conceived as a lifelong process, where knowledge is continuously shaped and revised as new experience take place.

It is against this background that the following recommendations are proffered for effective entrepreneurship education in Nigeria.

1. All stakeholders must encourage the proposed introduction of Entrepreneurship study across faculties and departments as general courses in the country. The federal government in collaboration with state governments should provide scholarships/bursaries for performing students by way of encouragement.
2. Universities should start to commercialize their research findings instead of leaving them in the shelves.
3. The National Universities Commission (NUC) should as usual set the minimum benchmark of the courses in Nigerian universities. This development should not be politicized, rather, the entire policy frameworks needed for its sustainability and improvement should be provided so as to salvage Nigeria from the clutches of poverty.
4. Nigeria is developing and a fertile ground for business. We therefore need investors to come into our educational sector most especially in the areas of skills development and entrepreneurial acquisitions as we have little or no investors in these areas save only few NGOs and humanitarian services.

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## **THE ROLE OF EDUCATION IN FOSTERING FEMALE ENTREPRENEURSHIP IN NIGERIA**

*Priscilla Achakpa*<sup>21</sup>

### **ABSTRACT**

*The growing number of unemployed Nigerians especially women is at an alarming rate and there is a broad recognition that entrepreneurial, knowledge-based enterprises are prime factors of economic growth and that such ventures need unique business development services. In 2010, the rate of unemployment stood at 21.4%, rose to 27.4% in 2012 and declined to 24.7% in 2013. These high rates clearly indicate that the economy has an unemployment problem. The paper has attempted to examine the role of education in fostering female entrepreneurship, challenges facing women entrepreneurs in Nigeria, and recommends that Women should be given equal opportunities to showcase their skills and abilities, and this could be effectively enhanced when they are adequately educated.*

**Key words:** Education, Female Entrepreneurship, Nigeria

**JEL Classification:** I20, L26, J80

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<sup>21</sup>Priscilla Achakpa, Ashoka Fellow Women Environmental Programme (Wep) Abuja, Nigeria, Pmachakpa@Gmail.Com, Priscilla.Achakpa@Wepnigeria.Net

## ***INTRODUCTION***

In recent years fostering entrepreneurship has become a topic of highest priority in public policy across the developing world. This trend is due to the widespread recognition that business start-ups are a driving force for economic growth and significant job creation for such nations including Nigeria (especially now that it has become obvious that the petroleum industry can no longer be our lone source of income as a nation). It is widely recognized that entrepreneurial activity is a key driver of economic growth and development. With clear recognition of how enterprise significantly contributes to wealth and job creation, policy makers have, in recent years, worked to foster and encourage entrepreneurial intent as an essential driver of economic growth and prosperity.

With current unemployment figures at unsustainably high levels in Nigeria (Unemployment Rate in Nigeria increased to 7.50 percent in the first quarter of 2015 from 6.40 percent in the fourth quarter of 2014. Unemployment Rate in Nigeria averaged 11.93 percent from 2006 until 2015, reaching an all-time high of 23.90 percent in the fourth quarter of 2011 and a record low of 5.30 percent in the fourth quarter of 2006. Unemployment Rate in Nigeria is reported by the National Bureau of Statistics, Nigeria.), and as entrepreneurship can be a force for change, this impetus is likely to become even more important over the coming years.

## ***DEFINITIONS OF CONCEPT ENTREPRENEURSHIP***

This concept has been debated and discussed by scholars' educators, researchers and policy makers over the years. Being an exclusive concept, it has been defined differently by several people. According to Khanka (2000), entrepreneurship is an attempt to create value through recognition of business opportunity, the management of risk-taking appropriate to the and through communicative and management skills to mobilize human, financial and material resources necessary to bring a project into fruition. Nwokolo (1997) sees entrepreneurship as involving the ability to set up a business enterprise as different from being employed by somebody else. He stressed that it involves the acquisition of skills idea and managerial abilities that are necessary for personal self-reliance. While Lawal and Oguche (2004) refers to entrepreneurship as the act or process of identifying business opportunities and organizing them to initiate a successful business activity and profit. It is the ability-to perceive profitable business opportunities and willingness to act on what is perceived and the necessary organizing skills associated with the project. Schumpeter in Zakari (2006) tied entrepreneurship to the creation of a new product, introduction of a new method of production, opening of a new market, the conquest of a new source of supply and carrying out of a new organization of industry. Salhman in Ojukwu (1999) defines entrepreneurship as the relentless pursuit of opportunity without regard to resources currently controlled. One of the best definitions of entrepreneurship was developed by Timmons (1994) in Lambing and Kuchi (1997) as 'A human creative act that bids something of value from practical nothing. it is of pursuit of opportunity regardless of the resources or lack of resources at hand. It requires a vision and the passion and commitment to lead others in the pursuit of that vision. It also requires a willingness to take

calculate risk' From the above plethora of definitions, entrepreneurship can be seen as the functions performed by an entrepreneur in setting up an enterprise. It is the process that entails the various activities require in order to set up an enterprise.

Entrepreneurship has been recognized as an important aspect of organization and economies (Dickson et al., 2008). It contributes in an immeasurable ways toward creating new job, wealth creation, poverty reduction, and income generation for both government and individuals. Schumpeter in 1934 argued that entrepreneurship is very significant to the growth and development of economies. Having understood the vital role of entrepreneurship in economic development, it become apparent that careful attention is needed to invest and promote entrepreneurship through all available methods and strategies, education offers such a platform.

## ***EDUCATION***

Education is a deliberate, purposeful activity directed at the achievement of a range of ends which could potentially include the development of knowledgeable individuals who are able to think rationally, the formation of a sustainable community, and the realization of economic goals benefiting both individuals and their communities (Rizvi, Lingard 2010).

## ***WOMEN AND ENTREPRENEURSHIP DEVELOPMENT***

Female entrepreneurship in developing countries like Nigeria can play a crucial role in the fight against poverty. Female entrepreneurship has been recognized during the last decade as an important source of economic growth.

Fewer than half the women in the world have formal jobs, compared to almost 80 percent of men. While the number of women who work may be higher than this if the informal economy is included, women still are underrepresented in labor force participation worldwide. Those who do work tend to earn a lower income than men.

Reversing the current situation and improving opportunities for women to become more employable and entrepreneurial is important for at least two reasons. First, there is a huge productivity gain to be reaped by more effectively engaging this underrepresented portion of the workforce in meaningful and productive employment. Gender disparities not only impact women negatively, but also depress economic growth.

Female education and the performance of women-led enterprises have an impact not only on the economic development but also on levels of gender equality, community development and family well being. A study by Goldman Sachs found that education is crucial in supporting gender equality and that female education has a multiplier effect in that it lessens social inequality overall and improves economic growth. Specific results from investing in women's education includes "more productive workers, healthier and better-educated families, and ultimately to more prosperous communities."

There are a number of reasons why women are particularly marginalized in gaining opportunities for employment and building successful entrepreneurial organizations. First, women have lower levels of education and financial literacy than men. This is often due to social norms that put different expectations of educational attainment on women, hampering them from the outset in their business endeavors. Second, patriarchal property laws that do not allow women to own property make it difficult to build assets or present appropriate collateral for business loans. Cultural and traditional expectations of what is “appropriate” employment for women also present daunting barriers. These barriers compound the ones that all entrepreneurs face in the market, such as lack of access to finance, poor networking and mentorship opportunities, and regulatory barriers.

### ***EDUCATION AND ENTREPRENEURSHIP DEVELOPMENT***

The traditional role of education in the society according to Inegbenebor (2005) is the advancement of the frontiers of knowledge, accumulation and dissemination of knowledge for the overall development of society. In recent years, the educational sector has sought to make itself more relevant to society. Drawing upon their major strength which is the availability of a large pool of technical expertise and creativity, educational institutions have assumed a new role of being at the forefront in promoting technical change and innovation (Stankiewicz, 1986).

One of the areas where educational institutions have responded to the needs of society is in the area of entrepreneurship research and education. Whereas earlier scholars merely recognized the entrepreneur as a factor of production, they did not see it as a significant area of teaching and research. Recently however, entrepreneurship has been described as “a discipline requiring its own fairly simple roles” (Drucker, 1985:x) and a behaviour that can be learned (Ibid, page 23). In the last three decades, entrepreneurship has emerged as an area of study by economists, sociologists, anthropologists and management scientists. It has developed worldwide as an academic discipline with journals, books, symposia and international conferences and has been acclaimed as “the business discipline of the 21<sup>st</sup> Century” (ICSB, 1999: 9).

While the gospel of entrepreneurship education is spreading rapidly across the world, the question that has not been adequately answered is how to teach entrepreneurship more effectively? What should be taught and how should it be taught? (Kuratko, 2003). Since knowledge regarding these questions remains relatively underdeveloped, teachers of entrepreneurship are left on their own to experiment on topics to teach as well as ways to teach them (Blenker, et al., 2004).

What to teach and how to teach it depends on the overall aim that a given entrepreneurship education programme seeks to achieve. Broadly, the choice is between seeking to improve students’ ability to perform entrepreneurial functions with a strong practical bias or developing students conceptual understanding about entrepreneurship. Most successful entrepreneurship education programmes make the choice after carefully assessing the needs of students, the community, the strengths and interests of faculty as well as the strategic focus of the educational system (Upton, 2003). This explains why different educational institutions have uniquely different

aims and approaches entrepreneurship education. What to teach: At the initial stages of entrepreneurship education, Loucks (1982) was of the opinion that the best that can be achieved by educators was to seek to change the perception of students by making them aware of the nature and scope of entrepreneurship, the characteristics and role demands of entrepreneurs and the impact of social, economic and political environment on new ventures creation. Reviews of best practices of leading entrepreneurship education centers by Kuratko (2003) and Blenker, et al. (2004) show that entrepreneurship education has progressed with more specific aims such as to:

- show students how to behave entrepreneurially;
- build skills in negotiation, networking, technological innovation, etc. to facilitate success in entrepreneurial career;
- create awareness of barriers to initiating entrepreneurial career and how to overcome them.

These indicate that entrepreneurship education has taken a form and occupied a niche that is quite different from that of management even though they are related.

Henderson (1995) identified the winning strategies of successful entrepreneurs which potential entrepreneurs can use to create a moneymaking business to include:

1. conceptualizing a product or service to meet a defined need;
2. evaluating the potential of the business idea by analyzing the trends in the economy which may influence the fortunes of the business;
3. developing a credible business plan;
4. assembly the needed resources to implement the plan;
5. launching the business;
6. expanding the business;
7. developing capacity to manage atrocity and crises when they occur;
8. managing the successful venture.

This suggests the key issues on which potential entrepreneurs especially females can be educated and trained to sharpen their skills. [From various studies reviewed by Kuratko (2003), entrepreneurship education includes skill building in negotiation, leadership, new product development, creative thinking and exposure to technological innovation. Other areas highlighted as important for entrepreneurial education are sources of venture capital, idea protection, characteristics of entrepreneurs, challenges of each stage of venture development and awareness of entrepreneurial career options. To Blenker, et al., (2004), the central problems in entrepreneurship are how to discover opportunities, how to evaluate the opportunities, how to assemble the needed resources and how to create a competitive advantage. Review of the curriculum of leading entrepreneurship education centres indicate that venture initiation, entrepreneurial skills and behaviour, venture financing, managing growth and field studies are core areas in entrepreneurship education (Upton, 2004).

## ***CHALLENGES FACING WOMEN ENTREPRENEURS IN NIGERIA***

Despite their contribution to the growth of the Nigerian economy, women still face challenges. The major challenges have been explored in several academic write ups, they include:

**Cultural boundaries** - As in many other countries, Nigerian has conservative traditional values and customs in doing business activities. Cultural beliefs still remains an obstacle in hindering women from being entrepreneurs in Nigeria. It has been misconceived that entrepreneurship is a business for men, whereas women should stay home and be housewives. Nigeria is also a patriarchal society as it is mentioned, "the asymmetry and ascendancy of males over female in the labor market are clearly seen in patriarchal communities, whereas in Nigeria there is a large power distance and high masculinity (Hofstede, 1980; Mordi, Simpson, Singh, 2010, p.9)

This culture forms a barrier for Nigerian women entrepreneurs and are growing under unjust cultures and male dominated society.

**Lack of access to finance** - Another major limitation to women entrepreneurs is that they experience lack of access to finance. Because of this setback, women do not have the required capital to start up their own businesses. Even though women approximately own 25-30 percent of registered businesses, only 10-15 percent have access to bank credits (Halkias et al., 2011). Also women face sexism and gender discrimination when attempting to acquire loans and credits.

**Inferior educational background** - Africa is known for its poor unequal opportunities for education, especially in rural areas, this is not a surprising case for Nigerian women. As women receive less education than men this puts us in a disadvantaged position, inferior educational background to men is another crucial obstacle that prevents women from being successful entrepreneurs.

## ***TECHNOLOGY***

Most of the female entrepreneurs especially the small and medium scale entrepreneurs do not have access to modern technology or are not literate about the technology that would support them in their businesses making it even more difficult for the women to get information on the management of their businesses.

## ***RESEARCH AND DEVELOPMENT***

The development of enterprises, which base their competitive strength on the application of Research and Development (R&D) outputs is a pillar of knowledge-based economy. The absence of research, documentation and development and the lack of capacity of female entrepreneurs especially the small and medium scale entrepreneurs has hindered them from the application of the innovative outputs towards the commercial of their products which is largely determined by the market forces. Secondly, majority of the female entrepreneurs do not have the financial capacity to engage in research and development.



## ***EDUCATION FORSTERS FEMALE ENTREPRENEURSHIP IN NIGERIA***

Women who seek to become entrepreneurs require several things. First they need more access to educational opportunities. Women's literacy – financial literacy in particular – needs to be improved, Education providers also need to be sensitive to the double burden of work that women all over the world face – often women are caretakers of the family and also work outside the home. That is one reason why education via mobile phones and other technology-enabled delivery platforms can be of particular assistance to women entrepreneurs who need a flexible learning environment.

Second, having access to a social network is extremely important. A social network can allow women to connect with their peers who have had similar experiences or interests in order to share ideas, gain emotional and technical support, and meet mentors who can provide advice, coaching and serve as role models; the educational sector can provide a platform for this to be actualized. Third, making access to finance gender neutral by changing patriarchal property laws and, for example, providing “gender sensitivity training for investment managers and other staff to reduce unconscious gender bias in lending practices” opens up new opportunities for women. Improving the employability and entrepreneurship of women through education will help them attain livelihoods that are secure and productive. As noted, this in turn leads to higher levels of productivity for developing economies, as women enter the market economy in greater numbers.

In order to be successful, female entrepreneurs need skills such as creativity, problem- solving and communication skills. Many times these skills are learned through experience – often from entrepreneurial failures – that help an entrepreneur finally arrive at a successful venture. These skills can also be developed especially for the female entrepreneur through entrepreneurship education and training programs specifically targeting enterprise founders and owners. Such programs focus on providing individuals with practical education and experiential learning that builds both soft skills, such as communication, social intelligence, and critical thinking, as well as hard skills like accounting and financial management. Additionally, such programs foster networks of like-minded individuals that support each other and can lead to the creation of entrepreneurial ecosystems which can promote increased entrepreneurial activity.

But, can we actually encourage females to become entrepreneurs? I believe, the answer is yes — through the effective implementation of a comprehensive, collaborative ‘education for entrepreneurship’ strategy embedded across all levels of our educational system.

The Nigeria policy of education made it clear on the need for functional education, to be relevant, practical and acquisition of appropriate skills and development of competencies as equipment for the individuals to live in and contribute to the development of his/her society (Aladekomo, 2004).

Meanwhile, education is seen as one of the precondition for entrepreneurship development particularly in a place where the spirit and culture is very minimal. It is

said to be an important determinant of selection into entrepreneurship, formation of new venture and entrepreneurial success (Dickson, Solomon, Weaver, 2008). However, it equally assumes here that there is a positive relationship between education and individual's choice to become an entrepreneur as well as the result and outcome of his or her entrepreneurial activity. The move toward poverty reduction should not be considered and treated in isolation, different approach and strategies need to be employed. For any country to foster genuine economic growth and development, its education system must be considered as basis and essential ingredient. Education is undisputedly considered as the bedrock of any meaningful development (FGN, 2004 in Akpomi 2009), be it economic, social or political.

Though Education for entrepreneurship may mean different things to our educators — from primary schools to university, from vocational education to a university MBA. The benefits of entrepreneurial learning are multifaceted. Entrepreneurship education can, from a young age, awaken entrepreneurial spirit and can foster a positive attitude towards independence, risk-taking and learning from failure for females engaged in entrepreneurial activities resulting in a boost for other females who intend to participate in same. I believe that developing this entrepreneurial capacity of our females enhances the economic and social well-being of the country.

## ***CONCLUSION AND RECOMMENDATIONS***

Education provides an individual with the skills, capacities, strategies, information and motivations necessary for life engagements like entrepreneurship. Considering the importance of entrepreneurship to the development of the Nigerian economy, it is pertinent that our educational institutions (both formal and informal) step up to the challenge of helping our females to develop their entrepreneurial acumen towards sustainable development of livelihoods and the economy at large. In view of the foregoing, we recommend the following;

1. Women should be given equal opportunities to showcase their skills and abilities, and this could be effectively enhanced when they are adequately educated
2. Technology comes exposure, it is amazing how so many female entrepreneurs are still keeping their head in the sand about using the most basic technological aid. It is important that female entrepreneurs in order to foster their business must be knowledgeable about the different technologies that would enhance their business and here the role of education in is key
3. “Women entrepreneurs play a substantial role in growing their economies. When a country does not achieve its full potential, the economy suffers. Fewer ‘high potential’ female entrepreneurs result in fewer ideas being realized, less innovation, less export potential, and fewer jobs created,” the report said.
4. “Through their entrepreneurial activities, high-potential female entrepreneurs increase their own economic welfare, and also improve the

economic and social fabric of society through job creation, innovative products, processes, and services, and cross-border trade.”

5. How can we overcome societal and internal barriers to women’s entry to markets? How does the lack of education, skills or confidence affect women entrepreneurs in their ability to fully engage in the economy? How can we address discriminatory norms and beliefs? All these needs to be answered if we
6. How can we improve the competitiveness of women entrepreneurs? How can we better promote and increase women’s access to business development services, technologies and finance? How do we build education and training systems to nurture innovation and enterprising attitudes among women and girls?

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## ***AN IMPACT OF NEW TRAINING SYSTEM ON ENHANCING LEADERS ABILITIES***

*Nevena Petrovic MSc*<sup>22</sup>

*Ivana Matic MSc*<sup>23</sup>

### ***ABSTRACT***

*The one of the most important tasks of the human resources departments of organizations all over the world is identification and development of leaders. The importance of leaders for performance of organizations and creation of competitive advantage, especially in the global market, increases, while the number of experienced leaders declines. There are numerous studies confirming the positive impact of efficient leadership on performance of organizations, employees' engagement, satisfaction and retention, as well as on the creation and realization of the business strategy. In order to overcome the lack of efficient leadership, many organizations introduce leadership development programs. However, not many are successful. Simply, the skills and abilities distinguishing leaders from managers are numerous and there are many theories trying to determine them. Many of the theories agree on the communication skills as one of the important ingredients of efficient leadership. This led to the introduction of the concept of emotional intelligence, and further, to the concept of social intelligence. The new discoveries of neuroscience has opened a new opportunities in training of efficient leaders. They imply that development of special coaching techniques can help future leaders to change their behavior and increase the influence they have on others i.e. enhance their social intelligence.*

***Key words:*** Leadership, Development, Emotional Intelligence, Social Intelligence

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<sup>22</sup>Nevena Petrovic, Belgrade Banking Academy, Belgrade, Serbia, [jovanovicnevena989@gmail.com](mailto:jovanovicnevena989@gmail.com),

<sup>23</sup>Ivana Matic, Belgrade Banking Academy, Belgrade, Serbia, [ivanam@beograd.com](mailto:ivanam@beograd.com)

## ***INTRODUCTION***

The human resources management has been recognized as one of the most important fields in the management today. One of the tasks of the human resources department, especially in the multinational corporations, is to identify the candidates who have the potential to become future leaders, and to provide them the training and the opportunity to develop. However, this is not an easy task.

In order to identify the person who will become a leader, one should begin with the set of characteristics that distinguishes leaders from managers. These characteristics have been researched for years, and there are many theories on abilities and skills that are considered necessary for the efficient leadership. In case of multinational companies, the definition of the abilities and skills that distinguish leaders from managers is even more complex.

It is certain that leaders are a source of competitive advantage and of the difference between the market leaders and the rest. Today's most profitable companies and the most popular brands of the world, such as Apple, Google and Samsung, prove this. Leaders are crucial for the success of organizations, and their importance comes from their ability to envision the future but also to communicate that vision to the employees.

On the other hand, the leaders are hard to find and even harder to develop, because of the unique combination of characteristics, personal, professional and educational, that differentiate true leaders from others. Multinational companies face even greater challenges since they need leaders who possess all the qualities of leaders and even more – the language competence, emotional intelligence and cultural sensibility.

Recent studies show leaders can be developed through various programs which enhance competencies that fit with the vision and the mission of global companies. The goal of this paper is to summarize recent theories on skills and abilities needed for efficient leaders, with an emphasis on the development of future leaders and the new approach called biology of leadership.

## ***THEORETICAL OVERVIEW: DEFINITION AND CONTEXT OF LEADERSHIP***

Northouse (2013, p.5) defines leadership as “a process whereby an individual influences a group of individuals to achieve a common goal”. Leadership used to be connected with the concept of power and coercion but today it is more related to the influence of an individual to lead other individuals toward a common goal. Modern leaders are relationship-orientated and concerned with engagement, inspiration, encouragement and attention towards people (Leigh Maynard, 2015).

In recent years, the application of scientific methods to leadership research has resulted in a number of exciting discoveries, which strengthen the orientation toward leadership development programs. Discovering biological underpinnings of leadership cognitions and the perception of leadership traits by employees help the creators of leadership development programs to focus on the issues that future leaders need to learn and adopt.

Advances in neuroscience allow a better insight into the internal mechanisms that enable some people to be effective leaders, and some not. Recent studies explored the neural mechanisms initiated as a result of relationships with high-quality relationship (resonant) leaders as well as with dissonant leaders, who alienate people around them. The research shows that when people involved in the relationship with resonant leaders experience arousing attention, and these leaders activate mirror system and other regions of the brain associated with approach relationships – in total 14 regions in the brain that are linked to relationships with other people. Dissonant leaders deactivated 11 regions involved in social networks and activated 6 regions associated with narrowing attention, less compassion, more negative emotions and similar (Boyatzis, 2011).

The application of neuroscience in leadership allows development of programs which enhance critical thinking skills. The recent studies showed that specialist coaching exercises can enable an individual to change perception and behaviour in the direction toward building so called social intelligence, necessary for the efficient leadership. Goleman and Boyatzis (2008) introduced the term social intelligence to describe “a set of interpersonal competencies built on specific neural circuits (and related endocrine systems) that inspire others to be effective”.

Leading effectively is “about developing a genuine interest in and talent for fostering positive feelings in the people whose cooperation and support you need” (Goleman Boyatzis, 2008). The discovery that effective leadership is related to social circuits in the human brain prompted the introduction of the concept of social intelligence, extending the term of emotional intelligence and switching from individual to interpersonal competencies. The definition of social intelligence is based on the biology of the human brain, and involves mirror neurons, spindle cells, and oscillators which are engaged in the process of forming social relationships.

One of the most stunning discoveries is the identification of mirror neurons, previously unknown class of brain cells, which operate as neural Wi-Fi, and allow people to navigate in social world. Their function is to reproduce the emotions which individuals consciously or unconsciously detect in the actions of other people, and create a sense of shared experience. Mirror neurons are of great importance in organizations and explain how leaders’ emotions and actions prompt employees to follow – their mirror neurons simply replicate leaders’ emotions and actions. However, a subset of the mirror neurons detect only positive emotions, such as other people’s smiles and laughter, and they prompt an individual to smile and laugh in return.

Neuroscience is also trying to explain the intuition, being one of the greatest advantages for leaders. Findings suggest that intuition is partly produced by a class of neurons called spindle cells, which are responsible for the speed of transmitting thoughts and feelings to other brain cells. Spindle cells trigger neural networks whenever an individual has to choose among the alternatives i.e. to make a decision.

Another class of neurons called oscillators coordinates physical reactions of people by regulating how and when their bodies move together with other people. Although there are still no methods which could activate mirror neurons, spindle cells and oscillators, this is only the beginning. The studies also involve behaviour under stress – for example, it was established that when a leader’s demands exceeds the abilities of employees, their cortisol (hormone facilitating thinking and other mental functions) and adrenaline level increase which can paralyze the mind’s critical abilities and causes attention to fixate on the threat

from the leader instead of to work. These findings all confirm the importance of social intelligence in crisis situations. Research has confirmed that there is a performance gap between socially intelligent and dissonant leaders. Self-conscious attempts to display social intelligence usually end up in the feeling of forced interactions which diminishes social intelligence rather than improve it (Goleman Boyatzis, 2008).

According to Bennis (2009), there are several basic ingredients of leadership. First of all, leaders have to possess a guiding vision i.e. a clear idea about the future. They need to have passion which Bennis describes as “The leader loves what he or she does and loves doing it.” (Bennis, 2009, p.34). The next ingredient is integrity which is based on self-knowledge, candor, and maturity. According to Bennis (2009), it is the integrity that produces trust, which is so important for efficient communication. Finally, true leaders possess curiosity and daring.

Emotional intelligence is considered to be the key of successful leadership. Goleman (2000) defined emotional intelligence as “ability to manage ourselves and our relationships effectively”. It consists of self-awareness, self-management, social awareness and social skill. Social skills involve communication, influence, teamwork and cooperation.

The world-famous conductor Benjamin Zander uses the metaphor of the orchestra and his many years of experience as a conductor to present their idea of what are the goals and tasks of leaders. Leaders should use their skills to help individuals who are members of their team to overcome obstacles in achieving maximum productivity. In Zander’s model of leadership, the conductor is the leader whose task is to encourage the members of his orchestra (the team) to grasp their opportunities. The orchestra is a group of skilled and highly trained individuals who function as an effective unit. Passion, creativity and desire to contribute to the success of the team is the basic human instinct that a conductor (leader) should release, so that the orchestra provides maximum performance. Zander uses music to motivate its musicians to find and express their talent. Similarly, in other areas – the leaders are expected to find ways to motivate their teams to discover their capabilities. Therefore, it is important for leaders to be creative and to foster creativity in others (Zander, 2008).

Zander based his approach on the essential need of people to be creative and to be seen as worthy by others. This gives people satisfaction, so the aim of leaders is to encourage them to achieve their satisfaction through creative performance of their task in the team. Each individual chooses how to behave, and his choice affects the performance of the whole team. Discipline is important, communication is more important, but the openness of the team members towards one another is the most important. Therefore, the task of leaders is to inspire the team members and constantly remind them why they choose their professions in the first place – love for music, the desire to improve ... The leader has to encourage team members to express their expectations openly and without prejudice. In this way, the expectations cease to be an obstacle in communication, which improves to a higher, more productive level and acts as a powerful source of motivation. Mistakes are treated as challenges and sources of new opportunities.

According to Goldsmith et al. (2003), global leadership skills are: “thinking globally, appreciating cultural diversity, developing technological savvy, building partnerships and alliances, and sharing leadership”. This is a huge addition to the traditional set of leadership skills including managing change, strategic thinking, decision-making, enabling teams,

managing results, etc (Cohen, 2010). Cohen (2010) emphasizes that the main feature of the global leaders is global leadership mindset, which he defines as “ability to take a global rather than country specific view of business and people, and be able to apply this perspective to a country, taking into account its culture”. Since cultural differences have significant impact on the internal and external communication and overall business cooperation, they present a unique challenge to leaders. Globe study (2011) showed that leadership effectiveness depends on certain universal qualities such as looking ahead, fairness and integrity, but also discovered differences when it comes to the appreciation of certain characteristics in different cultures, such as individuality.

Communication is the process that leaders use to interact with subordinates, peers, supervisors, customers, suppliers, owners, the general public, and others (Lewis et al., 2007, p.292). It is a complex process which involves the senders, messages, channels, and receivers. It relies on words and signs to convey meaning and its objective is to create some degree of accurate understanding among the participants. Culture differences, among other factors, present barriers to effective communication. Therefore, excellence in communication is an imperative for effective leadership.

Empathy is considered to be critical to effective leadership (Salovey, Mayer, 1990). Conveying empathic emotion can be defined as the ability to understand what others are feeling or as “the ability to actively share emotions with others, and passively experiencing the feelings of others” (Kellett, Humphrey, Sleeth, 2006). The ability to be empathetic is especially important for leaders working in global organizations or across cultural boundaries (Alon, Higgins, 2005). However, empathy of the leaders and its impact on the performance varies in different cultures (Gentry et al., 2007).

CEOs of over 2000 organisations were asked to identify the leadership attributes and behaviour most critical to success as a leader and, based on their answers, the top five prominent in every region globally were (The Conference Board., 2015):

- Retaining and developing talent.
- Managing complexity.
- Leading change.
- Leading with integrity.
- Having an entrepreneurial mind-set.

## ***GOALS AND OBSTACLES OF EFFECTIVE LEADERSHIP***

Porter (2006) underlined the impact of the leadership to business strategy. The companies with good strategy are the ones which are led by “a very strong CEO, somebody who is not afraid to lead, to make choices, to make decisions” (Porter, 2006). He says that only strong leaders are capable of maintaining the course determined by the strategy. Therefore, companies need leaders “with a lot of confidence, a lot of conviction ... who is really good at communication” (Porter, 2006).

A leader is responsible for development and realization of the business strategy, implementation of the necessary changes and for creation of the corporate culture that will unite and involve all employees into the desired future of a company. However, the leader has to be able to make the employees feel the same about the future – his



passion has to be communicated and followed by the staff. The fact that the leader is capable of seeing an opportunity is not enough for the company to use it and he has to be able to convince all the interested parties that the opportunity is credible and feasible. The riskier the future is, the harder it is for the leader to do so.

The examples of leaders failing to communicate their convictions are numerous. One of them is presentation of Apple's iPad and BlackBerry's PlayBook. Steve Jobs, legendary leader of Apple Inc explained the audience that an iPad is something extraordinary and revolutionary. Jim Balsillie, the CEO of Research In Motion Ltd, introduced Play Book, in his presentation used expressions such as "casualness" and "architectural contention". Despite the fact that Play Book has better technical features than iPad, the US sales of the Blackberry products dropped almost 3% in the quarter after the introduction. The CEOs had different approaches toward their audiences, and one of them failed to communicate the quality of his product and his vision to consumers.

The recent survey in the US showed that employees also see communication issues as the main obstacle of effective leadership. The result of the survey showed that the employees are especially sensitive about leaders who do not recognize the workers' achievements. More than half of the respondents stated that major communication issues are refusing to talk to workers and inability to give clear directions (Solomon, 2015). On the other hand, another study has shown that "Less-than-optimal leadership practices cost the typical organization an amount equal to 7% of their total annual sales" (The Ken Blanchard Companies, 2011). The same research showed that leaders decrease voluntary turnover of employees, improve customer satisfaction and productivity. Therefore, if the leader fails to communicate with the employees and the consumers, it has negative impact on the business performance.

Organizations with high leader quality were six times more likely to be among the top 20 financial performers of all organizations. Organizations with both high levels of leadership quality and leader engagement and retention were nine times more likely to outperform their competitors financially (The Conference Board, 2015).

What makes the communication to fail? There are numerous factors influencing the creation, delivering, acceptance and interpretation of the message, and each of them can cause a failure in the communication process. But for leaders, it is even more complex, since they need to make people not only to understand the message and interpret it in the desired fashion, but to accept it as their personal goal. The content of the messages that leaders communicate is the vision, often beyond the common experience and usually hard even to imagine. Therefore, the leaders need to find the way to overcome the limitations of the human mind – the fear of change, the fear of failure, inability to adopt and imagine and the lack of courage.

Major setback in communication of leaders as seen by their employees is the lack of emotional intelligence. Leaders who focus on achievement, stop paying attention to people around them, and they lose the very important connection with their team. The everyday experience shows that people react better to individuals who are communicative and attentive, than to those who are brilliant and intelligent yet lack social skills. Another issue is the ability to persuade others to believe in the often distant opportunities. Leaders are different from others because of their ability to foresee the future and to imagine the outcome; however, the assumption that everybody else can do the same is wrong and leads to abandonment of great ideas.

## ***DEVELOPMENT AND TRAINING OF LEADERS***

The number of experienced leaders is in decline. This is not surprising, having stated above the long list of skills and abilities that constitute leaders. Talented young people tend to choose the positions offered by the market leaders, which are often regarded as the best companies to work for. Those companies invest heavily into development of efficient recruitment programs, and offer excellent opportunities for personal and professional enhancement. Small and medium enterprises, with limited budgets, cannot compete with global companies. However, studies show that organizations that fill a larger percentage of their positions internally have more than three times higher leadership strength and financial performance than organizations that don't (The Conference Board, 2015). This results from several issues: first, leaders performance expectations are connected to the strategy of an organization; second, leaders competencies are clearly defined from the start, and third, effective leadership requires the knowledge of the specific business area.

One of the theories, called the Pyramid model of global leadership, serves as an excellent start for the training and development of global leaders. The foundational competencies involve gaining knowledge on the specific environment, through understanding the mindset of the local people. This knowledge is built on the social networks research, communication with people with different backgrounds, sharing everyday experiences and living abroad. The next layer of the pyramid involves development of the global mindset, tolerance to ambiguity and cognitive complexity. This requires learning how to communicate and control conflicts, how to improve internal relationship and build teams, and how to ensure the "influence without authority" (Evans et al., 2010, p.308). On the top of the pyramid are systematic skills that involve making ethical decisions, building cohesion, leading change and influence shareholders (Evans et al., 2010, p.308). Therefore, theorists agree that expatriation is necessary to develop deep understanding of the cultural differences thereby enabling global leaders to feel and think like their employees. This also involves emotional intelligence, which exceeds simple intellectual understanding of the interrelationships between people.

Leadership intransitivity can be described as the difference between the skills needed for the achievement of the superior performance at different operational levels. Moving from the one position to another in the hierarchy of an organization requires from an individual to develop different set of skills. For example, while on the position of the operational managers, a person has to focus on productivity, innovation and growth within a certain unit. His competencies involve pursuing new business opportunity, ensuring efficient use of resources, and managing the continuous improvement with the unit. However, when a person is promoted to the senior level manager, his responsibility is not for one unit only; he is involved in coaching and supporting the individuals develop their personal and professional competencies, advising on the best practices across units and coordinating the short term efforts into the achievement of the long term objectives. Finally, when a senior level manager is promoted to the top level manager, he becomes a leader, directs the organizational efforts, envisions future positions and identifies opportunities, sets the basis of the corporate culture, values and norms, and defines the vision and the mission of an organization.

Training and development can improve individuals' effectiveness on global leadership tasks. Training addresses particular deficiencies in individuals, develops specific competencies, focuses on more tangible aspects of improving performance. Development, on the other hand, is linked to improving the organizational competence to 187ehavi a strategic need in the future (Caligiuri, 2006). According to the Global Leadership Forecast 2014-2015, "better development can positively affect leadership". According to AMA (2012), 63% high-performing companies reported having a global leadership program. Most companies include following competencies in global leadership programs (AMA, 2012):

1. Change management;
2. Critical thinking and problem solving;
3. Ability to influence and build coalitions;
4. Strategy development;
5. Execution of global strategies.

Usually, leadership programs involve transition from one leadership level to the next, development plans for leaders which involve both classroom and on-the-job experiences, fostering coaches and mentors, and involving leaders into development. Although many companies fail to develop efficient leadership programs, those who succeed are rewarded – organizations with highly rated leadership development programs were 8.8 times more likely to have high leadership quality compared to those organizations with low-rated programs, which indicates that effective leadership development is a strong driver of leader quality. Also, organizations with higher-quality programs were 7.4 times more likely to have leaders who were highly engaged and inclined to stay with the organization, which shows that development programs influence a leader's engagement and retention (The Conference Board, 2015).

Creating leadership programs has to involve leaders at all levels and requires substantial investment. Also, programs need to be suitable to the leaders' level – for example, at the early stages, potential leaders need to acquire core skills in supervision and management, while later, the programs should be focused on understanding of business functions. Finally, business and product strategy become central, and gaining experience of driving change in large teams.

US companies alone spend almost \$14 billion annually on leadership development (Loew & O'Leonard, 2012). At the same time, around 30 % of US companies have failed to exploit their international business opportunities fully because they lack enough leaders with the right capabilities (Ghemawat, 2012). Leadership-development programs fail for many reasons but recent studies have identified four common mistakes leading to the program failure (Gurdjian et al., 2014):

- Overlooking context – training s are often based on the assumption that „one size fits all” and that the same group of skills or style of leadership is appropriate regardless of strategy and organizational culture.
- Decoupling reflection from real work – lack of the real on-the-job projects that have a business impact and improve learning.
- Underestimating mind-sets – most companies recognize the necessity of adjusting underlying mind-sets of future leaders, and their human resources departments develop techniques to identify some of the personal features considered to be a precondition of ability of behavioral change of an individual.

Becoming a more effective leader often requires changing behavior, and some individuals do not possess the ability to change. .

- Failing to measure results- evaluation of leadership development is necessary and is based on the participant feedback. Similar to any business-performance program, leadership development programs should be followed by an assessment and adjustments. Monitoring of the business impact, through metrics such as cost savings or increase in sales, depending on the focus of the program, is also useful.

## ***CONCLUSION***

Having described the different theoretical approaches towards leadership and, specifically global leadership, we can conclude that all theorists agree on the existence of special set of skills and abilities that distinguish leaders from managers. However, the list of these abilities is long and varied, and depends on a range of factors, both external and internal. The common ground of all theories includes communication, empathy and inspiration.

The concept of emotional intelligence, as important ingredient of leadership, has been recently expanded supported by the improvements in neurosciences and their application in leadership theory. The new concept called social intelligence means transfer from the individuals and their capabilities to interpersonal competencies, and allows the development of new techniques and methods for the development of leaders.

The leadership development programs are necessary, since many organizations around the world suffer from the inefficient leadership despite huge investments into human resources departments and programs for leaders. Companies can avoid the most common mistakes in leadership development and increase the odds of success by matching specific leadership skills and traits to the context at hand, embedding leadership development in real work, investigating the mind-sets that underpin behaviour and monitoring the impact so as to make improvements over time. The findings of the neuroscientists open a whole new range of opportunities in developing programs tailored to enhance the specific social competencies needed for efficient leadership.

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## ***INFLUENCE OF TRAINING ON GROWTH OF A LEADER'S COMPETENCIES AND KNOWLEDGE***

*Aleksandra Golubovic-Stojanovic MSc<sup>24</sup>*

*Sasa Ljuboja MA<sup>25</sup>*

### **ABSTRACT**

*From the standpoint of customer care on one side and education and personal development of the staff (and sometimes even external sales and distribution network) on the other side, there are great, substantial differences between classical companies, companies dealing with direct sales, state institutions and organizations, sports, non-profit and political organizations.*

*As we live in the conditions of dynamic changes, and therefore we need to create future, management of ideas and talents can be achieved only with capable leaders. Leadership is a process in which an individual affects the behaviour of a group in order to achieve the goals of the group or organization. Various leaders use various means and styles of management in order to motivate the staff to achieve organizational goals. Therefore, in this thesis, we will pay attention to classical business, with an emphasis on medium and large companies. We will not study leadership in the other types of organizations in this thesis. Also, we will not study small companies, as they are distinctive for the fact that leadership is, as a rule, related to the owners of the companies, and there are rarely other leaders in the company. This is especially true for small companies in Serbia, where there is a so-called „Serbian boss syndrome“, in which owners usually prevent development of leadership within the company consciously.*

*The goal of this thesis is to show that leadership (leadership style) affects motivation of the staff.*

**Key words:** *Leadership, Leader's Traits, Leadership Styles, Staff Trainings, Trainings, Motivation, Organizational Success*

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<sup>24</sup>Aleksandra Golubovic-Stojanovic, "Royal Care" agency, Belgrade, Serbia, [a\\_golubovich@yahoo.com](mailto:a_golubovich@yahoo.com)

<sup>25</sup>Sasa Ljuboja, „Most“ agency (a part of „Business Excellence Group“), Belgrade, Serbia, [sasa.ljuboja@businessexcellence.rs](mailto:sasa.ljuboja@businessexcellence.rs)

## ***INTRODUCTION***

Education for leaders has become a popular research topic because it has been acknowledged that motivation of the staff is positively related to leaders' skills. Namely, leaders can improve employees' attitudes, confidence and performance. Also, the leaders' task is to understand human complexity, distinctiveness and, depending on specific circumstances in which the company does its business, choose and apply appropriate styles and techniques which are in the function of improvement of organizational success.

"Education and training help to build human capacity for both men and women". (Radovic-Markovic, 2011, pp.78). In other words, good leadership in the modern age more importantly requires attitudes and behaviour which characterize humanity and are related to humanity.

New educational programs have appeared, as well as new models of studying. "Accordingly, everywhere in the world the existing education system is being redefined and educational programs that have to relate closely to practice are being improved" (Radovic-Markovic, 2011, pp.79). The main priority of new educational programs intended for leaders is improvement of their competencies. A great number of competencies may be reduced to two types (Radovic-Markovic et al., 2011, pp.37):

- competencies which may be applied successfully to a great number of various tasks (general competencies);
- knowledge, skills and strategies which are suitable for a specific organization that requires special adjustment.

To address individual needs of learners, attention must be paid to adaptability of the curriculum and learning environment. A worthy institution views quality issues as primary and integral throughout the conceptual design of its educational programs"(Radovic-Markovic, 2011, pp.84)..

In our thesis, we will analyze how competencies and knowledge are acquired through various training models.

## ***INTERACTION BETWEEN A LEADER AND THE STUFF AND ITS INFLUENCE ON ORGANIZATIONAL SUCCESS***

The most important determinant of personal success in life is a "long-term perspective", this is, the ability of thinking few years in advance, while bringing decisions at present (Tracy, 2007, pp. 25). The terms power and influence are related to leadership. Power is the ability to cause changes in attitudes or behavior of an individual or a group, while influence is defined as an action or example of the behavior which may cause a change in the attitude or behavior of the other person or a group. Using the authority and his/her power, a leader affects satisfaction and motivation of individuals and interpersonal relations substantially. (Golubovic-Stojanovic, 2015)



An individual who is accepted by the others as the most influential member of a group or organization, regardless his/her title, becomes an informal (spontaneous) leader. When a person shows leadership skills, he/she is a leader, regardless whether this function is assigned to him/her or it developed naturally. (Northouse, 2008, pp. 4)

The main cause of organizational success or failure is people and this is why care for people is the priority activity of a leader. It is very important to understand people and their interpersonal relations. Managers who don't like to work with people have missed profession.

The activities taken by a leader are specific in relation to the activities of the other employees. These specificities reflect, primarily, in the fact that a leader's performance is generally measured by his ability to multiply the efforts of individuals and consolidate a great number of persons in an efficient team. Skills, knowledge and abilities of a leader are reflected in the level of his/her organization and organization of his/her subordinates. A leader's activities have to be ranked according to certain priorities, such as (Malesevic, 2001, pp. 39):

1. care about people;
2. creative part of work;
3. daily responsibilities;
4. creation of organizational climate.

## ***TRAINING TYPES***

In the organizations of all types, training may be very heterogenous and it includes everything, from learning the employees to read and communicate to first-rate trainings for top management.

Classification of training types according to their content: (Milosavljevic 2002, pp. 102-104)

1. **Basic education:** training of basic skills, for example writing and computing, as well as basic education about the company, its goals, priorities, products etc. This type of training is applied in practice as it usually happens that an employee can read the text, but he/she doesn't understand its meaning or when the employee is required to give some information in written or orally and he/she does not do that appropriately. Also, it is very important that the staff manages the information about the company, which are available to them, properly.
2. **Technical training:** it is directed to improvement of working skills of the staff related to technical knowledge, for example, training for computer work, training for proper use of company's products or training about technique of application of some basic steps in business procedures of the company.
3. **Training for interpersonal relations:** productivity of the staff depends on their ability to communicate and cooperate with their co-workers as well as with their stakeholders successfully. It is important to see who develops good interpersonal relations and who would need a training in order to improve them, for example, trainings about how to become a

better listener, how to understand the other's wishes, needs and beliefs better, how to become more efficient team member ...

4. **Training for problem-solving:** provides skills required for solving of problems which emerge in certain works, includes activities which sharpen logics, thinking and ability of problem-defining, as well as the ability to evaluate causes, analyze alternatives and choose solutions.

## ***TRAINING METHODS***

Training system relies on the principles and methods of active learning.

Since the earliest days of development of human civilization, people learned to work through the practice. The roots of active learning are related to V century BC.

*„I hear and I forget.*

*I see and I remember.*

*I do and I know.”*

*{Confucius}*

Socrates constantly asked his students a great number of questions, expecting them to come to logical conclusions by themselves. In XVIII century, Johann Friedrich Herbart, German philosopher and pedagogue, developed instructional process of education. Together with his followers, he set the basic structure of the class, which is applied even today in somewhat altered form (Milosavljevic, 2002, pp. 159-160):

1. preparation of students and teachers for a new lesson;
2. presentation of new material;
3. connecting of new material with the ideas which were studied previously;
4. using of examples for illustration of the main attitudes of the material;
5. testing and assessment of covered material.

This structure was rearranged in 1917 by Charles Allen, with the aim of solving the problem of the need for training of a great number of employees who were engaged in shipbuilding.

He named this method „Show, say, do and check“. The method implies the next steps (Milosavljevic, 2002, pp. 160):

1. To prepare workers – to build their interest in further learning.
2. To present an action – to say, show, illustrate and ask questions. To emphasise main points, give clear and complete instructions, step by step.
3. To try to perform the action – to test them in a way that they try to perform the job.
4. To supervise – to leave the workers to do the job by themselves, with certain supervision.

In XIX century, Christopher Lendgel affirmed the method of case study, recommending his student not to learn only by memorizing the law, but to study real court cases. In order to encourage students' creativity, he insisted that the cases were as simple and short as possible.

Modern education, in order to meet the requirements and to be as efficient and appropriate for its students and users as possible, also imposed the need for determination of appropriate working methods.

In the broadest sense, the methods in education and training, may be determined as certain codes of conduct and work which provide efficiency and time-saving of the process.

The key for efficiency of each method is in an adequate application, as no method is ideal in all situations. In contemporary literature, the authors do not agree completely about classification of the methods. Some basic methods, which are mentioned and studied by the greatest number of authors, are (Milosavljevic, 2002, pp. 162):

1. oral presentation (lecturing)
2. conversation
3. discussion/conference
4. text
5. written and graphical works
6. demonstration
7. audio-visual method
8. laboratory method
9. task method
10. role play
11. case study
12. creative workshop
13. simulation
14. additional methods (buzz groups, subgrouping, brainstorming, educational games...)

## ***PROFILE OF TOP LEADERS***

### ***VISION, GOAL***

Top leaders have clear vision, they know exactly what they want and where they want to go. They have clearly set goals which help them, by achieving one by one, to achieve their vision. Many authors count leadership traits in possible leadership factors. Petkovic and Jovanovic (Petkovic, Jovanovic, 2001) count the following in personal characteristics, leadership factors:

1. personal values – value system of the individual and his/her beliefs refer to shaping of perception,
2. diagnosing of problems and decision-making,
3. riskiness – refers to mastering the reality,
4. skills – the ability to influence other people to follow him/her,
5. manner of decision-making - refers to favouring of speed and effectiveness or awareness and efficiency.

Top leaders divide their goals on smaller units, thus creating control points that help them know whether they are on the right way to achieve their goals or they have to change something.

## **COMPETENCE**

Competence is the ability to do the job.

$$\text{COMPETENCE} = \text{KNOWLEDGE} + \text{SKILLS}$$

*(Geldart P., 2000, pp. 234)*

**Knowledge** – what a person knows.

**Skills** – what a person can do.

Both items are equally important.

When a person is competent, he/she is able to do a job properly. For example, a surgeon is competent if he/she knows how to perform certain operation and if he/she is able to perform it properly, for the sake of the patient whose life depends on it.

Competence demands continuous investing in education, both in the field of acquiring of new knowledge (with the understanding how to apply this knowledge in practice) and in the field of training skills (the ability to work more effectively and efficiently, this is, more, faster, better, with lower costs).

## **PLANNING**

*„A man who does not think and plan in advance,  
will encounter trouble in front of his doors.”*

*(Lao Ce)*

Top leaders are excellent planners. They are aware that the decisions made in advance have the greatest influence on productivity. Good planning enables top leaders to always keep environmental effects and potential risks under control.

*„Pray to God, but paddle ashore.”*

*(Czech folk proverb)*

Good planning enables top leaders to use their time efficiently to the maximum, to achieve their goals in the easiest way and to consolidate their private life and activities with their responsibilities in a regular job successfully.

## ***TOP LEADERS AND THEIR PRODUCTIVITY***

Commitment to organizational goals and faster acceptance of the vision has an important role in shaping of leadership. Recent researches have shown that the following characteristics of subordinates are important for efficient leadership and goal achievement (Kulic, 2003, pp. 251):

1. readiness for taking the responsibility for decision-making;
2. need for independence;
3. creation of tolerant and cooperative relations in the organization;
4. possession of knowledge, skills and abilities;
5. need for constant learning and development;
6. need for participation in the process of determining the strategy and shaping the vision;
7. acceptance of organizational goals and tasks;
8. interest in work etc.

Besides knowledge and skills, a leader must also have certain personal qualities, he/she primarily must have the ability of compassion and he/she has to understand what makes people be as they are. They should build their relationships on trust and motivation, bringing warmth in group and collective work.

According to the abovementioned, the most significant leadership factors are (Lojic, 2011, pp. 185):

- 1) personal traits of the individuals who prefer leadership;
- 2) characteristics of subordinates and
- 3) environmental characteristics.

Leaders surely must have very strong ego and self-confidence, but true leaders manifest them as the biggest virtues. Top leaders are very self-confident and they are completely aware of their advantages. However, at the same time, they are not vain and they don't allow their great ego to take them back.

$$\begin{aligned} & \text{AMBITION} + \text{READINESS TO LEARN} + \text{INTEGRITY} + \text{PROACTIVITY} \\ & = \text{RESULT} \end{aligned}$$

### ***AMBITION***

Top leaders are very ambitious. Their goals are very challenging and they are committed to goals completely. It is their ambition that instils safety and hope to their cooperatives, convincing them that they are on the right way. People will cooperate with those who know exactly what they want and who are ready to use their potential to the maximum rather than with those who are reluctant and who set goals which may be achieved with very little engagement.

People who are ambitious and who believe in themselves may help other people to become successful and achieve their goals. They like complete organization towards the achievement of vision, mission and organizational goals.

## ***READINESS TO LEARN AND INTEGRITY***

Readiness to learn is a quality which a leader demonstrates when he/she shows he/she is ready to learn and apply the newly acquired knowledge in practice.

Example: Winning black belt in martial arts demands a lot of commitment and hard work. When new skills are mastered, improvement is measured by winning the belt of certain colour (white, yellow etc.), until black belt is won. For many people, „journey“ ends there. They see black belt as a status symbol of success, award, the ultimate achievement. But, the real master of martial arts sees black belt as the beginning, the door which enable him to achieve something more important. They understand that black belt means that they have the skill now, which is enough to start to study the mastery of their craft. This turning point is recognized by the change in the way of measurement of their achievements. There are no more coloured belts. Mastery is measured by „days“ (black belt second day, black belt eight day etc.), depending on the style.

Likewise, many people learn the skills which are necessary for achievement of success (position, title, money etc.). Once they win their „black belt“, they think they are done, believing that they have found the key of continued success. As a result, they usually stop to learn, expecting that their „skills“ will withstand every storm. Unfortunately, this feeling may cost them and prevent them to become what they should become in order to confront the future challenges successfully.

A real top leader is ready to learn, regardless his results, life experience, level of education and previously acquired knowledge. (Ljuboja, 2008, pp. 40)

Integrity is a quality which instils confidence that a person will do what he/she says he/she will do, that he/she is responsible and that it is always possible to rely on him/her.

If a person is ready to learn, he/she may grow and develop his/her potential. If, at the same time, he/she has integrity as well, he/she will certainly grow and develop his/her ambition to the limits of his/her ambitions. (Ljuboja, 2008, pp. 41)

Join these two qualities and you will get an individual who is ready to adopt a new model of behaviour, engage himself/herself in order to apply it and, thanks to his/her integrity, he/she instils complete confidence that his/her commitment will result in a significant action in practice.

## ***PROACTIVITY***

Top leaders do not wait for things to happen, they take the initiative themselves. They don't need to be told what to do, if they notice that something is needed to be done, they will react immediately.

*„There are people who live without any purpose  
and who go through life like a straw down the river:  
They don't go, they are taken.“*

*(Seneca)*

Top leaders need not be reminded that it is important to participate in various educational programs, they will sign up themselves.

## ***RESOURCE MANAGEMENT***

Top leaders identify priorities very clearly, they act in accordance with them and they manage all available resources optimally. Three most important resources, which enable high productivity if used properly, are PEOPLE, TIME and INFORMATION. (Ljuboja, 2008, pp. 42)

### **People**

Top leaders use human potential to maximum advantage and they make the best of their collaborators.

### **Time**

*„To learn to appreciate minutes,*

*we need years.”*

With excellent planning, top leaders use their time to maximum advantage and respect the time of the others.

Top leaders focus on results, not activities. An activity cannot be the substitution for productivity. Activities are the things we do, results are the consequences of what we did. All activities produce result, but all results don't have the real value.

If we are not careful, if we don't focus on the desired result, but we waste time, for example travelling from the point A to the point B the longest route possible, the activity will completely determine our productivity.

### **Information**

Information have great power. Those who use them properly may achieve a lot thanks to them. If the one does not use them properly, they may turn against him.

For example, the seller may give information about his company, its products and business system by focusing on comparison with the competition and highlighting of imperfections of the others, but he may also focus on the advantages of its company and well-being it may bring to its employees, customers and collaborators. Top leaders don't have haughty attitude, they don't underestimate anyone and they don't behave as they know everything.

For example, airplane constructors know everything about the airplane, every trifle and detail, but if they want to fly the airplane, they need new knowledge and skills which will enable them to transport passengers safely and at the optimum time from the point A to the point B. They may try to fly even without this, but it is highly possible that they will die, leading passengers to death, too.

## ***PEOPLE AND PROCESS***

Managing the whole company, a department, any design or a certain field of business demands a focus on two things: people and process.

When a challenge emerges, the question is: „Is it up to the people or to process?“

*„When you don't cut the tree, it is always due to bad axe.“*

*(German proverb)*

Most people blame the process and external factors for failure. They simply aren't ready to accept the fact that the process functions and gives outstanding results and that, in order to succeed, they have to understand that they are the ones who should change something in their behaviour and activities.

*„A man who does not make mistakes usually does nothing.“*

*(D. Phillips)*

Unlike them, top leaders never look for excuses for their mistakes and they are ready to correct them, using their maximum potential and achieving the desired results.

*„You don't need to be better than the others, only be the best you can.“*

*(Dusan Radovic)*

## ***CREDIBILITY***

Top leaders do what they tell the others should be done. They are personal example of success.

*„Lessons lead, and examples attract.“*

*(English proverb)*

It is not real to expect that people will do something their leader tells them to do, while he himself does not apply this in practice.



## ***MOTIVATION, PERSISTENCE***

Top leaders never give up achieving of the set goals.

*„Those who climb the ladders of success*

*Never complain that they lost their breath.”*

*(Paul Eluard)*

Even in the hardest moments, they find the way to motivate themselves and their team, with the help of the company, moving forward even when most people would simply give up.

*„All battles in life are intended to learn us something, even those we lose.”*

*(Paulo Coelho)*

## ***ADVANCED TRAINING METHODS – LEARNING THROUGH EXPERIENCE***

Learning through experience (or experiential learning) basically implies „learning through work“ and it happens during the whole life. We have learned to tie shoelaces by repeating the process all over again, until this has become our routine which we don't even think about today.

We can learn to drive the car only being behind the wheel, while someone tells us what to do. Of course, before that, we need to learn many things about cars, driving, traffic regulations, the instructor gives us verbal instructions what to do and how we should do that, but the only way for us to really understand and remember all necessary actions is to perform them physically.

Experiential learning is based on the premise that people learn more effectively if they do something, than if they attend lectures or read a book.

The method of „learning through work“ consists of interactive challenges and activities for problem solving, with a certain degree of physical participation. High level of retention (keeping of the learned material in memory), long-term benefit and positive results make the way out from this process. This method evidently represents one of the most effective educational tools for the people of all ages and all levels of competence, from pre-school children to top managers in big corporations.

The main goal of experiential learning is to help the participants to remember what they experienced and learned, as well as to apply that in everyday work and private life.

## **WHY „LEARNING THROUGH EXPERIENCE“?**

- 1) Keeping in memory of what has been experienced and learned is increased.
- 2) It supports the theory of Learning the Adults:
  - adults learn only what they want to learn;
  - they are more motivated by their personal needs than by external factors;
  - they are motivated to learn what may be useful at once and what is directly connected with the job they do for a living;
  - they need to apply the learned things in practice immediately upon completion of the training;
  - the most effective form of training is work in small groups-teams. ( M.S. Knowles, 1980)
- 3) It enables various results and individual changes of behaviour.

*„Education has to provide the participants to learn how to solve problems, and not to know which are possible solutions, as the problems people face in their life are always different.“*

*(John Dewey)*

- 4) Extremely powerful, effective and efficient training method:
  - Great saving of money and other resources of the company – training is shorter than classical educational programs, which means that the staff is not absent from work on the working days more than it is really necessary (saving of money for the company); participants are extremely motivated as the company does not take their free time by organizing tiring and long trainings on non-working days;
  - Extremely interesting way of education which is easily loved by the participants and which, as a rule, exceeds their expectations (satisfaction with the training = what the participants get – what the participants expect);
  - Motivation of participants in the training is increased, they appreciate the efforts of the company to provide them education of the highest level in the world;
  - Consequences of the decisions made and activities practised in the experiential program are noticed immediately (in business, they are noticed only after few months), and consequences of mistakes are not expensive as the mistakes made in business (great loss of time and money).
- 5) Enables safe, comfortable, non-manipulative learning environment. By creating fair experience for all participants, they recognize and accept their behaviour and therefore their results.
- 6) It is possible to organize programs for groups from 10 to 3000 participants, with the same efficiency for all participants.
- 7) The results are of equal, high quality for all participants, regardless their level of school education.

Experiential programs place people in already built environments, which have been made to precisely reflect the situations from the working place. The decisions brought by the participants during the program determine their result. Picturesque and very powerful learning emerges during the analysis, when their experiences are connected with the real-life situations.

Powerful programs of learning through experience may be based on the „POINT OF CHOICE“ model. These programs enable people to make long-lasting, effective changes in their behaviour, taking into consideration the weight of consequences of their decisions and taking the responsibility for them.

After the lived experience, during analysis, participants conclude what had happened, which decisions they had made and what are the consequences of these decisions in practice. Finding themselves in similar circumstances in the real world, they examine the possibility of bringing the same decisions which will have the same consequences.

Participants do not pay attention to other people who go through a certain experience and they don't find them in the situation to assess the performance of the others, but they see and understand how their own behaviour should change, based on their personal experience, in order to achieve better performances and results that are required for their job.

Experience is a powerful schoolmaster. Taking participation in experiential programs, people see, realize and experience how their behaviour may be changed significantly, bringing positive effect on their performances in everyday work.

Also, these programs are very effective because they provide, at the same time, relevance of the program, high level of entertainment for the participants as well as the real influence on the results of the company. Experiential programs may adjust to the goals and needs of the company very closely, so that the message the company wants to send to the participants of the training is conveyed in the way which ensures that they will remember it long after the training is over.

According to researches of the expert team of the company Eagle's Flight, a leading company invests between 36 and 115 hours per year for the training of an experienced worker. This investment is very significant for each company, as precious time and fundings are invested, and if it is not used in the best way possible, it may not bring positive change in the business results. Unfortunately, the average efficiency of the training process and development varies between 5 and 30 percent nowadays. This means that the companies have many possibilities for specialization.

Programs of learning through experience enable the effectiveness of 75 percent or more, with guaranteed return of investment in the training.

The scope of action of experiential programs includes various areas: (Ljuboja, 2008, pp. 51)

- corporate educational programs,
- seminars and conferences (meetings of the companies and distributors, annual strategic manifestations of the companies),
- mastering business skills (soft skills),
- highly specialized custom programs,
- consulting.

All over the world, the companies apply experiential programs for: (Ljuboja, 2008, pp. 52)

- creation of a compact team with a unique understanding of company's goals, role, leadership, processes, interpersonal relations and communication;
- improvement of customer service;
- sales increase;
- maximum use of company's and personal resources;
- leader's development;
- discovering of talents in the company and managing their development;
- commitment of the staff to achievement of company's goals;
- development of organizational culture of confidence and common values;
- constant development of business processes...

## ***CONCLUSION***

A job of a leader is full of challenges, conflict situations, disappointments and excitements. In the unpredictable situations, a leader should make and implement decisions that are very important for realization of organizational goals. A leader is seen as personification of management system organization by the staff. Therefore, it is very important which person will be chosen for a leader, from the lowest to the highest rank.

The strong development of technology and constant changes in the business environment demand a new approach to educational process, both in the companies and high education institutions all over the world. These changes happen regardless who adjusts to them and who doesn't adjust. Those who accept these changes fastest and most successfully will take over the leading position on the market very soon and they will be the holders of technological revolution. Those who don't do this, will lose precious time and it is questionable whether they will recover from this loss and how they will do that.

Leaders' success and the success of the organizations they lead will depend on their ability to motivate, shape, direct, maintain and control human behavior in these organizations. A successful and exemplary leader acts with his own example, he/she develop himself/herself constantly and reassesses his/her behavior and his/her relationship with the staff continually.

Training system should be developed constantly and it should never be regarded as finished.

This thesis represents our personal view, and recommendations which we mention in it represent only our personal recommendation, based on personal experience, research and market analysis as well as on the results of more than 1000 business trainings for senior and middle management which we held on the territory of Europe. (Eagle's Flight, 2007)

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## **RESEARCH ON ENTREPRENEURIAL STUDENTS TENDENCIES**

*Edita Kastratovic PhD<sup>26</sup>*

*Milan Dragic PhD<sup>27</sup>*

### **ABSTRACT**

*Entrepreneurship is the driving force of the economy of modern society. Liberal Economics encourages starting a business on sound foundations of competitiveness. This study investigated the affinities of students towards entrepreneurship and their attitude toward starting their own business. Research focused on the students as potential entrepreneurs and holders of society development. An important role in concretization of quality ideas presented by business plans have capital funds at various levels (local, provincial, national, regional), as well as numerous international funds. The decisive factor in terms of successful selection of activities at beginner entrepreneurs can be advisory and uplink activity of higher education institutions, the banking sector and state bodies responsible for the promotion and development of small and medium-sized enterprises.*

**Key words:** *Entrepreneurship, Business, Youth, Enterprise*

**JEL Classification:** *L26, M14*

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<sup>26</sup>Edita Kastratovic, Faculty of Business Economics and Entrepreneurship, Belgrade, Srbija, kastratovice@yahoo.com

<sup>27</sup>Milan Dragic, Faculty of Business Economics and Entrepreneurship, Belgrade, Srbija, milan.dragic@gmail.com

## ***INTRODUCTION***

Entrepreneurship is a field of social activity that contributes to the development of society in all other segments. Entrepreneurship is the driving force of modern society. Although it has roots in the distant past, entrepreneurship now has a more important role than ever. Entrepreneurship is developing in parallel with technological development. It follows current trends in innovative technologies. The reason for this is the fact that the essence of entrepreneurship makes creativity and innovation.

Entrepreneurship is a modern economic struggle. As the gladiators in the arena were using different weapons and combat techniques, entrepreneurs use modern weapons in the form of aggressive advertising campaigns, innovative sales methods, modern social networks as a communication and distribution channels and the like. An equal struggle is lead at the local level (small entrepreneurs at the outlets), and at the global level (multinationals).

Entrepreneurship is becoming increasingly important, particularly in recent years, when more attention is paid to the small and medium enterprises. Job creation is a priority in developing countries.

Entrepreneurship is a widespread notion, whose definition depends on the point of view of the author. There are three basic point of view and definition of management:

- An economic approach
- Psychological approach and
- Social and Behavioral approach.

An economic approach is based on the study and definition of the role of entrepreneurs in economic development and the application of economic theory. This approach considers the entrepreneur as a capitalist-employer who owns certain kinds of capital to start production. An entrepreneur is defined as a person who takes the risk and has a significant role in the economic development of the city, the environment. Authors who represent the economic outlook (Kantijon, Shea, holders of the French school of economic thought "physiocratism") indicate the key role of entrepreneurs in economic development with epithets central economic actors. Entrepreneur in their opinion, is a central pillar of the economy and a creator of economic change and development

Psychological approach to entrepreneurship focuses on personality characteristics of entrepreneurs, or qualities that characterize a successful entrepreneur. This view of entrepreneurship has put certain personality traits to the fore, which stand out from other potential entrepreneurs. This view of entrepreneurship has encountered a lot of criticism. Critics express their attitude according to which the stimulation of entrepreneurial affinity and funds that support small business development, were completely meaningless if it were true that the notion of entrepreneurial characteristics are innate (Deakins et al., 2012, p.1). Successful entrepreneurs have developed abilities that agents of psychological approaches mentioned, but many of these traits can be acquired.

Socio-behavioral approach to entrepreneurship is oriented towards standpoints which emphasize the importance of the environment and the impact of culture on individuals. Depending on cultural stereotypes, largely depends also the degree of persistence and tolerance towards failure. In the US, the failure does not look as negative

as in Europe, but failure is seen as the experience from which it is necessary and possible to learn the lesson and move forward. In countries where women's rights are still at very low levels, we can see a low percentage of female entrepreneurs. Cultural barriers present an obstacle to the development of entrepreneurship by democratic principles. This concept emphasizes the importance of the ability of entrepreneurs to learn on the basis of taken decisions, mistakes and experiences. Entrepreneurial learning is a product of the social environment in which the entrepreneur operates and which is the basis of its maturing business (Deakins et al., 2012, p.1).

## ***THEORETICAL CONSIDERATIONS***

Small businesses are the most common model of entrepreneurship, especially in countries undergoing the uncertain process of transition. The founders of small enterprises are generally creative people who accumulate their idea of starting their own businesses for a certain period of time before a final decision. New entrepreneurial units were initially very vulnerable and subject to turbulent challenges. A large number of newly established companies fail in the first years of existence. It often happens that companies that survive the first five years, experience a crash in the period after that. This fact is an important factor in giving up the idea of starting their own business with people who are reluctant in this regard. In order for entrepreneurs to survive in the market, they must develop the ability to listen and gather information. Wilson Mizner once said: "Those who know how to be good listeners are not only popular everywhere, but after a while they know something." (Maxwell, Dornan, 2005,p.2).

Small businesses work intensive than large enterprises. Small manufacturing companies have better opportunities in terms of recruitment of more direct and indirect manpower on average, observed by unit invested social capital. Small businesses are naturally focused on limited and specialized market and in this segment they see their chance (Penezić, 2010, p.3).

Defining the concept of small business is not easy. There are different systems of classification of enterprises according to the parameters that are seen as relevant. In some countries the main factor of classifying is the number of employees in the company. In others, a decisive parameter is annual income, while in some countries it is the value of business assets. The EU in 2005 adopted a new definition by which classified the micro, small and medium enterprises.

*Table 1: EU definition of a small entrepreneurship*

Enterprise category	Employees	Annual revenue	Value of assets
Middle	< 250	≤ € 50 millions (1996: € 40 milions)	≤ € 43 millions (1996: € 27 millions)
Small	< 50	≤ € 10 millions (1996: € 7 milions)	≤ € 10 millions (1996: € 5 millions)
Micro	< 10	≤ € 2 millions (not defined previously)	≤ € 2 millions (not defined previously)



Entrepreneurship is an important opportunity for the realization of young people. One of the many advantages of entrepreneurship is the ability to control their own future. Self-creating business systems, management of available time, creative thinking and moving the boundaries of business opportunities are an argument of starting their own business. Innovations represent a significant segment of small companies. Survival in a very turbulent market presents a challenge for new entrepreneurs. Innovations require significant effort, commitment. To be an innovative company, it must exploit the potential of talented employees, which they possess. Another one of the important conditions for innovation companies is the ability of appropriations earmarked funds for innovation (Drucker, 1996, p.4).

### ***ENTERPRENURIAL FEATURES***

Principality is an important trait of successful entrepreneurs. Entrepreneurs must have some principles to follow, and to which others recognize them. Principles represent a significant landmark that constantly reminds entrepreneurs in the way he should go. Business associates and clients appreciate the entrepreneurs who are principled.

Personal Integrity - Reliability. Entrepreneurial business involves a large number of communications and the purchase and sales transactions, and it can not expect any significant success if business associates do not have trust. Integrity is built and maintained. People who have integrity are full of personality. These are people who can be recognized by its probity. These people have nothing to hide and nothing to fear. This is a very important trait of successful entrepreneurs (Maxwell, 2005,p.5).

Confidence - An entrepreneur must have confidence because otherwise a number of potential jobs will fail. The business environment does not tolerate entrepreneurs who do not have confidence.

Organization - The condition of business success is a good organization. Entrepreneurs need to plan, keep records, and properly allocate business and private obligations. Disorganization initiates the first small and then bigger problems. Entrepreneurs who are not organized consistently have a problem with a lack of time and adequate information.

Initiative - To be successful in their business, entrepreneurs must have a developed ability to initiate activities. They motivate and push employees to do the plan envisaged activities.

Resourcefulness - Modern markets are turbulent and significant demand from entrepreneurs to be resourceful. Identifying opportunities and spotting opportunities represent significant items of successful entrepreneurs. Dealing with frequent problems sharpens the senses of entrepreneurs and prepare them for an adequate response in similar situations.

Courage - Success does not come by itself. Success requires courage. Entrepreneurs must be brave enough to engage in market competition. Willingness to take risks is a component that allows individuals to stand out from the mediocrity.

Optimism is one of the tickets in entrepreneurial waters. An entrepreneur who has a positive attitude to the situation, in which he is, and a perspective that may be unknown, acquires the first prerequisite for success in business.

Persistence (perseverance) - Many have tried, many gave up but there are those that are persistent and do not give up. Persistence is one of the most specific characteristics of successful entrepreneurs.

Flexibility is one of the hallmarks of a good entrepreneur. Looking historically known and successful entrepreneurs, what is noted is the importance of the ability to adapt to the situation and the market. Entrepreneurs who have adapted to changing market conditions; they survive and enable their companies to develop further.

Commitment is a characteristic of successful entrepreneurs. Only entrepreneurs who are fully committed to achieving the goal can instill trust their workers. Commitment is a quiet motivation. Commitment starts without words, just deeds.

### ***ENTERPRENEURSHIP IS RISK***

The famous proverb says: "Who dares not, he does not profit!"

The advantages of entrepreneurship can easily blind beginners and like a shadow obscure the real risks and problems that beginners may encounter. In the multitude of ambitious and courageous entrepreneurs, many of those who do not find their way from initial elation quickly come to a state of helplessness and despair. Liberal economy in the same time is offering but also forfeited. It offers the possibility of rapid progress, but in a situation of poor judgment or bad circumstances, aggressively tackles and obeys. There are large numbers of companies that are unable to withstand the harsh competitiveness. It goes into liquidation or perishes.

### ***THE IMPORTANCE OF SMALL ENTERPRISES***

Small businesses are not only an important element of the development of local character, but to a large extent are the driving powers of national economies of developing countries. The importance is greater if we observe the benefits of mutual cooperation between small and medium enterprises in terms of their cooperative efficiency. There are increasing number of large companies that engage sub-contractors with experience and who fall into the category of small enterprises. In this way, it achieves multiple benefits. Large enterprises are relieved of additional costs related to new investments in additional segment of the manufacturing or service nature. Small enterprises make a strong connection with the successful and financially stable organization that defines its cooperation agreements in the medium or long period of time. Small and medium enterprises are the backbone of market-oriented democratic society. They become the basis for the constitution of the "entrepreneurial society" - the bridge to cross from managerial to entrepreneurial companies. Entrepreneurship and management and entrepreneurial innovation and flexibility become the main characteristic of entrepreneurial management, regardless of whether

it is large or small company, manufacturing or service organization, governmental or non-governmental institution (Kastratović et al., 2014, p. 6)

## RESEARCH RESULTS

The survey included 212 respondents (students) in the period 05.05-15.05.2015. on the territory of Novi Sad and Zrenjanin, where were included 10 college students and 1 high school.

The tested students were viewed through the prism of descriptive statistics regarding the frequency (N), arithmetic mean (M), standard deviation (SD), minimum and maximum value and their percentage (%), and comparative statistics (In the case of independent variables with two categories, applied the Mann -Whitney test and General Linear Model (GLM) - Multivariate Test, while in the case of independent variables with multiple categories, applied Kruskal -Wallis test and General Linear Model (GLM) - Multivariate Test).

*Table 2: Students' attitude towards goig abroad*

Have you considered going abroad?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	151	71,2	71,2	71,2
	No	61	28,8	28,8	100,0
	Total	212	100,0	100,0	

Based on the results presented in Table 2, it can be seen that a significant number of students already in the course of study thinks about going abroad. The poor economic situation in the country, nepotism, political employment, lack of institutional definition, legal and property insecurity, political uncertainty, are just some of the reasons why young people are thinking about going abroad. If the country has made significant steps in terms of providing support to young entrepreneurs through the provision of resources from international funds, created adequate incentive environment, a number of students would be tried in their home country to find its "place under the sun."

*Table 3: Students' attitude towards starting their own business*

Have you considered starting your own business?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	156	73,6	73,6	73,6
	No	56	26,4	26,4	100,0
	Total	212	100,0	100,0	

A significant percentage of respondents is thinking about starting their own business. Problems with unemployment significantly influenced the attitudes of students in terms of thinking about taking control of their own employment. The main

problem in terms of thinking of starting your own business is relating to the financial segment. To start their own business certain initial funding investment are necessary.

*Table 4: Student's interest for starting business from funds*

Would you start your own business if you obtain some money from funds?

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Yes	185	87,3	87,3	87,3
No	27	12,7	12,7	100,0
Total	212	100,0	100,0	

The crucial importance of investment capital is reflected in the survey results relating to the attitude of students about starting their own business with the funds received from the Fund. 87.3% of respondents expressed the view on the willingness to start their own business if they had help in the form of the capital. Considering the market turbulence and uncertainty about the variability of the law in terms of tax policy, young people often give up on the idea of inherited capital easily invest in the business. Break-even point in this regard may be the role of the state in terms of animation and providing adequate financial support from the funds of international funds.

*Table 5: Students' affinities regarding activities*

If starting business, which activity it would be?

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Manufacture	105	49,5	49,5	49,5
Service	107	50,5	50,5	100,0
Total	212	100,0	100,0	

Considering that students from different faculties and fields of science covered by the survey, it is not surprising from Table 5 that is almost equal percentage of respondents expressed the view of starting a business service as well as respondents who would start a business manufacturing activities. On the decision of the type of activity affected by numerous factors (area of interest, educational area, parents' occupation, etc.), so that more detailed research and analysis could contribute to defining the impact of certain factors.

*Table 6: Students' decision to start a business*

How would you start a business?

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Individually	93	43,9	43,9	43,9
Mutually	119	56,1	56,1	100,0
Total	212	100,0	100,0	

The results show that the greater is the number of respondents who would run the business together with someone (Partnership), compared to those who start their own

business seen only as an activity of unique ownership structure. Character of person affects to the position in respect of the ownership structure. People who are prone to teamwork and shared decision-making have no problem with joining forces. On the other hand, people are individuals and they love to make independent decisions and manage.

*Table 7: Students' attitude towards recruitment for potential business*

How would you recruit?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Vacancy	120	56,6	56,6	56,6
	Recommendation	92	43,4	43,4	100,0
	Total	212	100,0	100,0	

Table 7 shows the attitude of students about the method of selection of personnel within starting their own business. There are a higher percentage of respondents (56.6%) who would chose competition as a manner of personnel selection. In contrast, a lower percentage of respondents (43.4%) expressed that the personnel for their own business will chose through referrals. There are advantages and disadvantages of both methods of recruitment. The advantages of the competing methods of personnel selection related to the direct elimination favoring certain personnel provided the maximum objectivity of the person who is making the choice (in this case the owner running the business). The advantage is reflected in the sense of freedom in terms of control, suggestions and criticisms received frames. An example of the benefits of receiving personnel on the basis of the recommendations is relating to the financial savings, in terms of procedural selection (period of testing, the cost of testing..).

ANOVA test includes all tested variables, where is noticed the statistically significant difference between students of different years of study in terms of the areas of business that we launched (utility or production).

*Table 8: ANOVA (Difference in attitudes of students' of different study periods regarding the business*

ANOVA

If starting business, which area would it be?

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	2,671	4	,668	2,747	,029
Within Groups	50,324	207	,243		
Total	52,995	211			

Based on the results of ANOVA is observed statistically significant differences between students of different years of study in respect of the area businesses to start. By using LSD test was defined statistically significant difference between the students of the first year of study on the one hand and fourth year students and graduate students from the other side.

The affinities of students are different but also are changing according to changes in market conditions or changes from empirical experience. Students of first year of

study have strong views about the relationship between their interests and the needs of the market in this regard.

An important role in this regard should have a primarily government (headed by ministries), educational institutions, employment agencies, companies, media and parents. By defined strategies and joint action could significantly affect the change in consciousness and a more realistic approach to the educational process and the work engagement of young people.

Table 9: LSD test (Independent variable – study year of a person)

Multiple Comparisons

If starting a new business, which area would it be?

LSD

(I) Study year	(J) Study year	Mean Difference (I-J)	Std. Error	Sig.	95% Confidence Interval	
					Lower Bound	Upper Bound
First	Second	-,12895	,10194	,207	-,3299	,0720
	Third	-,08706	,08926	,330	-,2630	,0889
	Fourth	-,27417*	,09972	,006	-,4708	-,0776
	Graduant	-,34770*	,15183	,023	-,6470	-,0484
Second	First	,12895	,10194	,207	-,0720	,3299
	Third	,04189	,11300	,711	-,1809	,2647
	Fourth	-,14522	,12144	,233	-,3846	,0942
	Graduant	-,21875	,16690	,191	-,5478	,1103
Third	First	,08706	,08926	,330	-,0889	,2630
	Second	-,04189	,11300	,711	-,2647	,1809
	Fourth	-,18711	,11101	,093	-,4060	,0317
	Graduant	-,26064	,15947	,104	-,5750	,0538
Fourth	First	,27417*	,09972	,006	,0776	,4708
	Second	,14522	,12144	,233	-,0942	,3846
	Third	,18711	,11101	,093	-,0317	,4060
	Graduant	-,07353	,16556	,657	-,3999	,2529
Graduant	First	,34770*	,15183	,023	,0484	,6470
	Second	,21875	,16690	,191	-,1103	,5478
	Third	,26064	,15947	,104	-,0538	,5750
	Fourth	,07353	,16556	,657	-,2529	,3999

\*. The mean difference is significant at the 0.05 level.

Table 9 introduces LSD test that defines statistically significant differences between the subcategories in terms of attitude on the field of potential running of business.

*Table 10: Comparison of the arithmetic average*

Report  
If starting a new business, which area would it be?

Study year	Mean	N	Std. Deviation
First	1,4023	87	,49320
Second	1,5312	32	,50701
Third	1,4894	47	,50529
Fourth	1,6765	34	,47486
Graduant	1,7500	12	,45227
Total	1,5047	212	,50116

Based on a comparison of arithmetic means, we can see the tendency of respondents in first year of study toward production, and respondents in the fourth year and senior students towards service activities. Students in initial years of starting their own business thinks only from the perspective of interests and desires. Final year students have more information in terms of starting their business, in terms of the relationship between the cost of production and service activities, and various trends in the market in terms return on investments of certain types of activities. The educational process aims the overall maturing of personality, which certainly includes the ripening in terms of real consideration of market conditions and needs.

*Table 11: ANOVA – The attitudes of students about starting a business and its field (Independent variable - college respondents)*

ANOVA

		Sum of Squares	df	Mean Square	F	Sig.
If starting a new business, which area would it be?	Between Groups	11,374	10	1,137	5,493	,000
	Within Groups	41,621	201	,207		
	Total	52,995	211			
Have you considered starting your own business?	Between Groups	4,104	10	,410	2,223	,018
	Within Groups	37,103	201	,185		
	Total	41,208	211			

Based on the table 11 it may be concluded that there is a statistically significant difference between students of different faculties in terms of attitudes about starting their own business, as well as the field of business. In order to more clearly define the difference, it is necessary to make a comparison of arithmetic mean.

*Table 12: The arithmetic means for people from different faculties*

Report  
If starting a new business, which area would it be?

Faculty	Mean	N	Std. Deviation
Technical	1,0000	18	,00000
Law	1,8000	10	,42164
Economy	1,5385	13	,51887
Agriculture	1,3333	21	,48305
Sports	1,7273	33	,45227
Math	1,7059	17	,46967
FTN NS	1,3333	27	,48038
Technical faculty Zrenjanin	1,4583	24	,50898
VTŠ ZR	1,4286	28	,50395
Medical	1,8000	15	,41404
Philosophy	1,8333	6	,40825
Total	1,5047	212	,50116

From the results presented in Table 12 differences in terms of arithmetic mean (Mean) are observed which relate to the attitude of the field of business which respondents could select. For manufacturing activity directed the students of University of Technology (Mean = 1.00), Faculty of Agriculture (Mean = 1.33), while at the other end of the scale, students of Philosophy (Mean = 1.83), Medical (Mean = 1.8) and Law (Mean = 1.8). Students from other faculties had the average arithmetic mean in the central part of the scale (scale of commitment between the manufacturing and service business activity). This data are a realistic picture of the market situation in the Republic of Serbia. A comment about these results is possible only with the fencing of the specific situation in which the respondents by their profession express their views about starting a business in the field where they do not belong. However, if we look at the attitudes of respondents who start a business seen as a chance for independent economic activity in this field, then the results of selected subjects on a scale confirm the connection between affinity and the market situation.

## **RESULT ANALYSIS**

Research covered students' attitudes about affinity towards starting their own businesses and certain specifics in this regard. The results indicate that a large percentage of students think about moving abroad (71.2% of respondents thinking about going abroad). The reasons are many but the obvious. Aware of the problematic economic situation, problems in terms of employment but also a series of other obstacles, students are turning to the benefits of economic, political, cultural and legal coherent markets. As the light in the tunnel works by the fact that a significant percentage of respondents thinking about starting their own business (73.6%). If we take into account the fact that there are overlaps in terms of the percentage of respondents who thought about going abroad and those who are thinking about starting a business, then we can conclude that there is enough space for active participation of the state and society in general regarding the retention of young professionals and their stimulation in the entrepreneurial direction. The main obstacle in terms of determinations youth to start their own business makes the



impossibility of providing start-up capital. 87.3% of respondents expressed the view on the willingness to start their own business if they had help in the form of the capital. It is an indicator that refers unambiguously to state and socially responsible society in which direction we must react. The results of research indicate an almost equal percentage of respondents with an attitude of starting business service activities (50.5%) and respondents who would start a business of manufacturing activities (49.5%). Results also show that the greater number of respondents who would run the business together with someone (firm, 56.1%), compared to those who start their own business activity is seen only as a unique ownership structure (43.9%). This work points to the uncertainty and partly to the consciousness of uncertain circumstances that can easily be overcome by joining forces (capital). In terms of the views of respondents about the way of personnel selection for starting their own business, a higher percentage of respondents (56.6%) pleaded in the direction of competition mode of staff selection in relation to the selection of staff through referrals (43.4%). The competition is preferable method of selecting personnel nowadays due to the traditionally represented problems with nepotism and political employment. Young people have always had a rebellious character, which was based on the love of justice and respect for ethical standards in terms of education and employment. In recent years reveals a negative trend orientations towards political engagement and indifferent, or even positive view of the party for employment.

In the domain of comparative statistics, based on the results of ANOVA statistically significant differences between students of different years of study in terms of the areas of business that would start is observed. LSD test enabled the defining of a statistically significant difference between the students of the first year of study on the one hand and fourth year students and graduate students from the other side. Results indicate a tendency of respondents in the first year of study towards production, and respondents in the fourth year and senior students towards service activities. There are several factors that influence on this determination of students of different years of study, so more detailed research in this regard will contribute to a clearer perception of the reasons specified orientation.

Sex is not a significant variable in terms of the diversity of views. Respondents of both sexes do not have statistically significant differences in attitudes on all dependent variables. This reflects the fact that people of different sexes equally observe market conditions and prospects of entrepreneurial orientation.

The affinities of the students and their area of interest in a business sense, today is a very changeable category. Market instability is affecting the changing needs to different staff profiles. Another factor which has a significant impact on the problems in the work market is the imbalance between the needs of the market and supply of the market in terms of personnel. Also apparent is the imbalance between the needs of the market for human resources and enrollment quota of higher education in recent times and secondary educational institutions. Students who are finalizing their education process at some level, they face problems in finding an appropriate job. To this, added the problem which the labor law gives, which allows organizations (either social or private type) to impose standards in terms of work experience, which can not fulfill the majority of young people after the completion of the educational process.

Students first years of study have a certain perception of necessity of market for human resources of certain profiles. During the study, gain experience, meet with a variety of information on the labor market, both in the profession in which to educate, as well as related but also areas that have nothing to do with their education. Existential problems are forcing young people to adapt in terms of selection criteria and thus create additional problems for organizations themselves, as well as the economic

sphere in general. Organizations have additional costs in terms of training time and resources invested in the process of retraining in all situations in which they employ staff whose education has nothing in common with the conduct of business. Staff are faced with the problem of short-term and often long-term distancing from the professional field to which they belong according to the educational process.

## ***CONCLUSION***

Entrepreneurship is the basis of development of the economic potential of modern society. Significant investments in the form of large projects must have the support of small investment projects in the form of starting micro and small enterprises. Each newly established companies represents an additional economic- energy unit of advancement.

The state should take a strong role in the development of entrepreneurship. It is essential to systematically approach the development of entrepreneurial affinity with young people. So far, the area of management or entrepreneurship, studied only at the level of higher education institutions or consultancy agencies. Entrepreneurship should be introduced in the framework of middle-level education, so that young people were aware of the opportunities, benefits and challenges of starting their own business. Such a system would enable the timely preparation of young people for independence in a business venture. Based on the experience gained in the course of their training (practical teaching) and engaging in pilot projects, the students after post-secondary education would be much better prepared for starting their own businesses. One form of stimulation could be targeted tax policies, which would prompt young entrepreneurs with no experience to a stimulating tax policy. In this circumstances where the tax system is geared towards entrepreneurs beginners follows their development, achieved a favorable environment for the development of small and micro enterprises. Considering the economic situation of the Republic of Serbia, the state (relevant ministries and bodies) must, in cooperation with higher education institutions, the banking sector, the International Monetary Fund (IMF) and other funds, has to define a strategy for the development of small and medium-sized enterprises. The strategy must have a real, financial support, as its role would not be reduced to theoretical and speculative. States must identify priority areas in which incentives will be dominant, to a greater number of newly established firms retained and survived.

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# **THE IMPORTANCE OF LEARNING FOREIGN LANGUAGES IN THE HIGHER EDUCATION OF ENTREPRENEURS**

*Elena Cickovska PhD<sup>28</sup>*

## **ABSTRACT**

*The process of international networking is related to an increased international market competition. The price and the quality of products and services are not enough in order to be competitive on the global market. Some other completely different factors have become important as well. Foreign language competences are among the crucial aspects for economic development, achievement, maintaining and expanding foreign trade, because, as researches presented in this paper show, they are directly proportional to the export performance.*

*The needs of the market for specific foreign language skills, apart from English as a lingua franca, are further researched as part of my doctoral dissertation and presented in this paper. The results show that the needs of the market are not fully met. The enterprises genuinely need highly educated staff with foreign language skills - not only English, but the languages of current and future business partners.*

*The main factor for increasing competitiveness, for increasing export and for economic growth is the ability of entrepreneurs, which should, in turn, be developed by the higher education as a crucial factor. According to the analyses and results shown in the paper, there are no effective relations between the education and the economy. .*

*Higher education has a social responsibility and in order to be able to achieve its purpose, the gap between the studies and the professional life (i.e. the labour market) has to be bridged, by a structured exchange and cooperation between the employers and the educational institutions.*

*In order to establish a dynamic coordination between the needs of the enterprises and the higher education in terms of foreign language competences, specific activities are also listed in the paper as measures to improve the language education of future entrepreneurs.*

**Key words:** *Market Needs, Foreign Languages, Higher Education, Research, Coordination*

**JEL Classification:** *I25, J24*

**UDC:** *81'243:159.953.5*

*005.961:005.914.3:37*

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<sup>28</sup>Elena Cickovska, Faculty of tourism and hospitality, University "Sv. Kliment Ohridski – Bitola, Ohrid, Republic of Macedonia, elenacickovska@yahoo.de

## ***INTRODUCTION***

Economic development depends on the ability to enter and endure the international market and to communicate with old and new business partners. The globalisation has brought new possibilities, but also new requirements from the enterprises i.e. the employees, in terms of intercultural affinities and good communication skills, as basic requirements to be able to compete on the international market.

We are aware that insufficient knowledge of foreign languages has a negative influence on international business contacts, on foreign trade, especially on export, because it is almost impossible to develop, sustain and expand business contacts without a knowledge of foreign languages. This is especially the case with smaller countries whose language is spoken by a small number of speakers.

Speaking foreign languages and speaking the language of the business partner increases the chances for competitiveness, entering the international market, economy development and development of the country.

Nowadays, in European countries and worldwide, the importance of languages is increasing on many levels. However, despite the constantly increasing awareness of the importance of foreign languages and intercultural knowledge in the professional life, it is not yet sufficiently developed.

Higher education has a social responsibility and in order to be able to meet its goals, the gap between the studies and the professional life i.e. the labour market has to be bridged, by a structured exchange and cooperation between the employers and the educational institutions. The employers are indirect users of higher education services. The knowledge, the skills and the competences acquired in the higher education need to be appropriate and relevant for practical use.

In Europe and in the Balkan countries there is a gap between the needs in the professional and the academic life of students and graduates from all professions, who are the leading force of the social and the economic development of their country and of the European integration and, on the other hand, their knowledge and competences developed by higher education. That the connection has not been established is evident in terms of the knowledge of foreign languages, which is one of the key components for the development of economic welfare. The main factor for increasing competitiveness, for increasing export and for economic growth is the ability of entrepreneurs, which is, in turn, developed by the higher education as a crucial factor. In order to develop an employable and competitive workforce for the domestic and the European market, superior and portable qualifications have to be developed, as well as key competences that go beyond a particular profession. Foreign language competences are in the foundations of those qualifications.

Communication in foreign languages is one of the eight key competences defined in the European Framework for Key Competences, essential in today's knowledge society for personal development and employability (Key Competences, 2006).

The labour market, the employers and the enterprises genuinely need highly educated staff with foreign language skills - not only English, but the languages of current and future business partners. The needs of the market are researched as part of the doctoral dissertation and will be presented in this paper. It is proven in the dissertation that the needs of the market are not entirely met - in other words, the graduates do not meet the requirements i.e. the education, especially the higher education, does not provide the desired results.

## ***THE IMPORTANCE OF USING THE LANGUAGE OF THE BUSINESS PARTNER***

The process of international networking is related to an increased international market competition. In order to stay competitive on the global market, enterprises make constant efforts to increase productivity and to create highly qualified jobs. Foreign languages are necessary for an international implementation of business strategies. This does not relate only to international companies, but to small and medium enterprises which are presently more and more involved into the importance and the chances of international business.

The question that arises, among other things, is what do foreign language skills imply? Is it enough to know and speak English as a lingua franca, or is it needed to speak other foreign languages as well?

It is clear that around 70% of international contacts in the world are performed in English, but it is particularly because of the dominance of the English language and due to language reasons that orders are lost and there are deficits in exports and foreign trade.

The price and the quality of the products and the services are not the only deciding factors for being competitive in global Europe, neither is the adherence to the legal and technical standards of the European Union, but some other completely different factors have become important as well, summarised by Robert Picht (Picht, 1987, pp. 1) in the following words:

"In an international competition which is getting harsher and harsher, success can be achieved only by someone who is able to understand and apply culture and the affects of customers, partners and rivals, and to transfer them into his own personal interests."

Someone who masters the language of his business partner is best prepared to achieve his one interests.

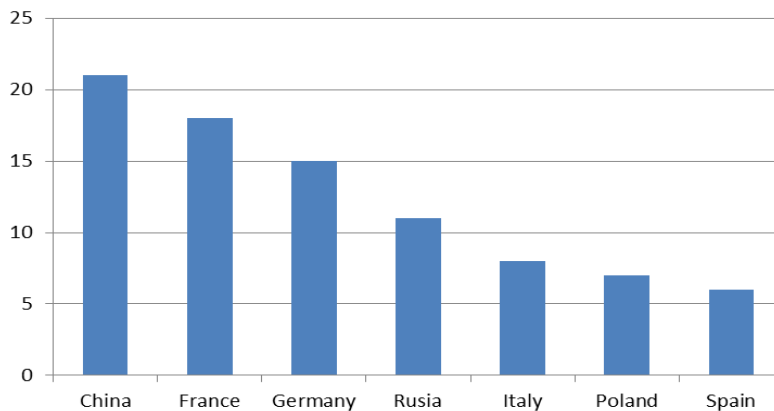
„It is typical for the decision-making process to successfully transform the customer's needs into a buying decision. Therefore it is of the utmost importance that the seller brings the needs of the customer as closer to a decision as he is able to. This process mainly consists of mental changes in the customer, whether he carries them out to the seller in a verbal or a nonverbal form. From a psycholinguistic point of view, many mental processes, particularly those that relate to the mechanisms of motivation (the ones we are dealing with when needs are transformed into decisions), are performed in the native language." (Rehbein, 1995, pp. 97)

Not knowing the language of the business partner becomes a factor which hinders the relations and clashes with the economic interests.

"The complexity of the factors that lead to business success means that the manager can never know whether the using the language of the customer has made the contract possible, or had it been something else; however he does know that if he loses the contract, not using the language of the customer had its share in the failure." (Ager et al., 1980, pp. 24).

Results of European researches show a link between successful foreign trade and foreign languages, specifically between export and using the language of the export market instead of English as a lingua franca.

A Danish research (Ronhof, 2010, pp. 64) shows that 4 out of 10 firms that use standardisation, which means the use of English as a lingua franca, have communication problems due to a partner's lack of knowledge of English. The following table shows the countries with which the exemplary Danish companies had communication problems.



*Figure 1: Countries with which Danish companies have experienced problems in the communication in English - per cent*

*Source: Ronhof, 2010, pp. 64*

What is surprising is that there are problems with the largest export markets in Europe, France and Germany, despite them being considered as closer in terms of culture, compared to the big cultural differences with Asian countries.

Results from Reuter and Minkkinen (Reuter, Minkkinen, 2002, pp. 56) also show that the use of German in business contacts with Germany is successful, when investigating the link between the use of the German language in written communication and the percentage of trade with German-speaking countries in Finland's total turnover. The percentage of trade with German-speaking countries in the total turnover is in relation to the use of the German language in written communication in the research. If the percentage lies above 25%, the use of the German language is increased by about 24%.

The most suitable example that demonstrates how important it is to speak other foreign languages (apart from English) for a country's foreign trade in total are the results of researches conducted in countries where English is a native language.

A United Kingdom research from 2004 (ELAN, 2006, pp. 13) shows that export performance is 77% higher in enterprises which give great importance to using the language of the customer. They have an average year profit increase of € 440,000, and those who do not adapt have a decrease of € 75,000. The 2004 UK research shows the direct connection between the enterprises' attitude towards the knowledge of the language of the export market and the export profits.

The situation is similar in Ireland, according to a research report from 2008, on determining the foreign language skills and needs in 1000 Irish SMEs as part of the subproject 2: “Languages for enhanced opportunities on the European labour market”, part of the project TNP3-D (2008, pp. 5). In the conclusion of the research it is stated that many enterprises are unaware of the meaning and the importance of intercultural competences and foreign languages competences. One would assume that, because of the Irish economy's need to export, there would be awareness of the need for foreign language skills. Still, many enterprises do not recognize the fact that they are losing opportunities because they use English as the only language of communication.

The report of the research called the “PIMLICO Project” conducted in small and medium enterprises from EU member state, on language management strategies and best practice in European SMEs suggests that European enterprises are still losing deals as a result of language and cultural barriers and that enterprises using the language of the export market increase their turnover. 41% of the exemplar enterprises have a turnover increased by 25% as a direct result of using language management strategies in the export, while an additional 35% of the enterprises state having a turnover increase of 16% to 25% because of the same reason. In the conclusion of the research it is stated that „the economic impact of a language management strategy on an enterprise's export performance is indisputable” (PIMLICO Report, 2011, pp. 57).

*Table 1: Reasons mentioned by EU enterprises that have experienced losses (actual or estimated) due to lack of foreign language skills*

<b>Reasons</b>	<b>n</b>	<b>%</b>
Lack of staff speaking foreign languages	117	63%
Enquiries / requests for information or quotations not followed up	19	10%
Lack of confidence	15	8%
Phone/switchboard problems	8	4%
Problems with agents/distributors	8	4%
Errors in translating/interpreting	7	4%
Inability to capitalise on opportunities	5	3%
Exhibitions/trade fairs	4	2%
Lack of cultural affinity	2	1%
Total	185	100%

*Source: ELAN, 2006, pp. 22*

Knowing and using the language of the business partner is an advantage not only because of the reduced risk of misunderstanding when using English as a lingua franca, but also because of the positive psycholinguistic and psychological effect. The mental process of motivation is performed in the native language so that the process of transforming the needs into decisions in business communication can be best influenced through the native language of the business partner. People are more open to talk and to make personal contacts in business meetings if the person they are talking to shows great interest by knowing their native language and communicating in it. The supply on the globalised market is increasingly equalised in terms of quality and price, so that knowing the language of the business partner can be a deciding factor for a successful deal, which makes it of high economic importance.

## ***UNMET NEEDS OF THE MARKET FOR FOREIGN LANGUAGE SKILLS***

Communicative action is the foundation of all work processes and represents a big part of the professional action, making professional competence impossible to be imagined without communicative competence. As work is more and more organised internationally, foreign language skills and profession-oriented communicative competences in a foreign language become increasingly indispensable for more and more employees. Intercultural communicative competence in a foreign language, along with the other key competences, is an inseparable element of professional competence of higher education graduates (Kuhn, 2007, pp. 51-52).

Researches conducted in Europe and in SMEs in the Republic of Macedonia about the needs to speak German and the current conditions (Cickovska, 2013) show that the needs of the market, of the employers and accordingly of the graduates are not met.

In November 2010 the Eurobarometer on EU employers' perception of graduate employability, ordered by the European Commission, was published, exploring the key competences that employers need the higher education graduates to have. The research is conducted in all 27 EU member states and Norway, Iceland, Croatia and Turkey, among enterprises that have more than 50 employees.

Almost all key competences and skills listed in the survey - such as teamwork or computer literacy - were considered very important or important by the respondents when recruiting higher education graduates. One of them are foreign language skills. (Eurobarometer, 2010, pp. 5)

The results prove unmet needs and lack of foreign languages skills with higher education graduates from all disciplines, i.e. of non-philological faculties: 96% of the respondents require communication skills, 67% of them consider foreign language skills very important or important for employment in their companies. Almost 50% of the companies with considerable international businesses identified foreign language skills as the most important skill for the future.

Employers are most dissatisfied by the lack of foreign language skills. According to them, the graduates' skills do not fulfil the requirements.



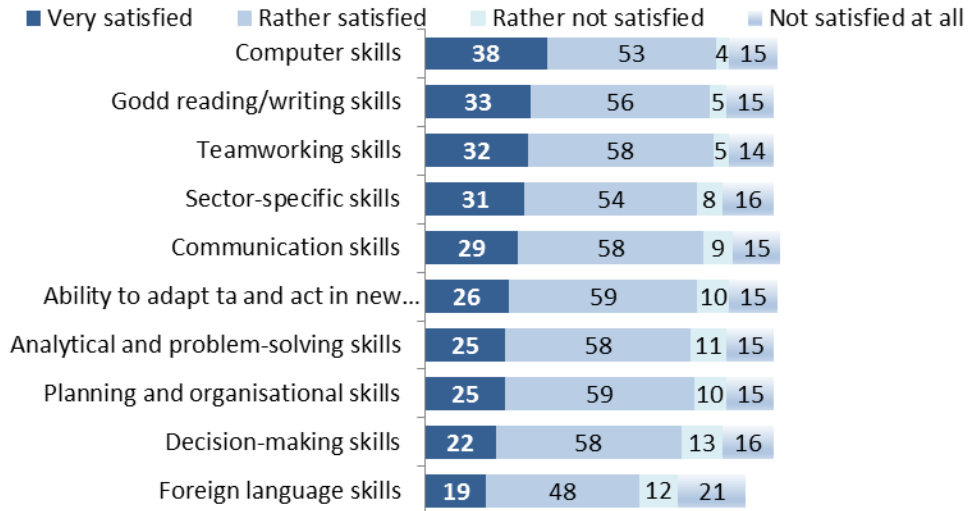


Figure 2: Satisfaction percentage in EU enterprises by higher education graduates in relation to their skills

Source: Eurobarometer, 2010, pp. 25

Another 2006 EU research, presented on Figure 3, shows which languages have unmet needs on the European market.

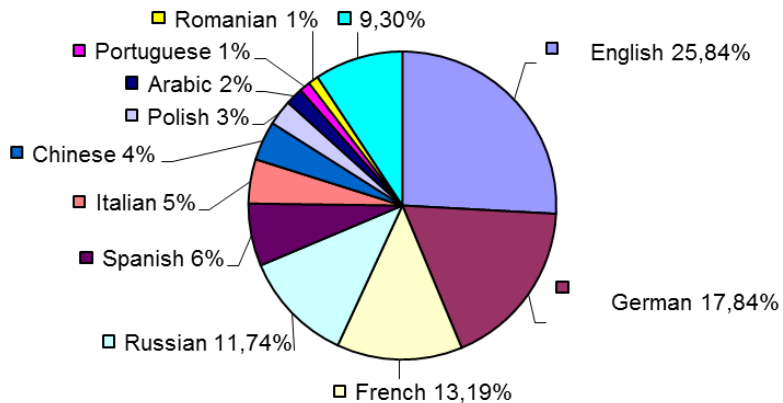


Figure 3: Languages which EU companies should learn

Source: ELAN, 2006, pp.36

In order to examine the need for knowledge of German language in Macedonian export and its coverage, an empirical research was conducted in small and medium enterprises with production in the Republic of Macedonia (Cickovska, 2013). The directly proportional link between the knowledge of the language of the export market

and the export performance, i.e. the importance of using the language of the export market for the development of a country's economy, is proven by theoretical research with documentation analysis from other surveys in Europe as part of the dissertation (Cickovska, 2013). Therefore, the empirical research suggests that there are needs for German language competences in all small and medium enterprises in the Republic of Macedonia that export or plan to export to German-speaking countries.

The research takes into account the small and medium enterprises because they represent the largest employment market and have genuine needs for foreign language skills, which they cannot finance themselves. Big companies not only have the resources to train their employees, but also can send them on training in the country whose language they need, or can even afford to employ people whose native language is that of the export market.

All small and medium enterprises in the Republic of Macedonia use English in contacts with business partners, mostly for negotiations, company presentations, product presentations and professional technical conversation. According to surveys in Europe, enterprises are losing deals as a result of using English with business partners from German-speaking countries. The enterprises are aware of the unmet needs for knowledge of German (figure 4), so as a result of the lack of adequate knowledge of the German language they are forced to use English.

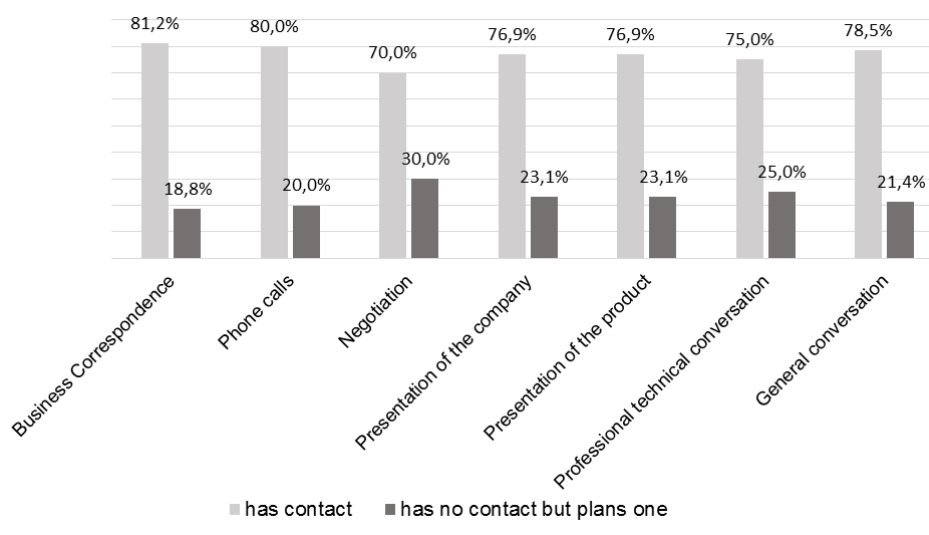
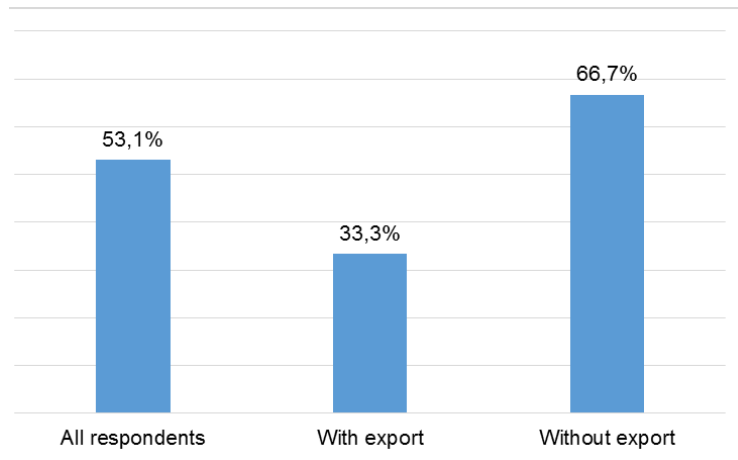


Figure 4: Needs of German language skills in SMEs in the Republic of Macedonia by situations according to their opinion

Source: Cickovska, 2013, pp. 134

Still their opinion that English is enough is very high, as can be seen in figure 5. They are aware of their need of German language skills but unaware of the impact of using German in communication with business partners from German speaking countries.



*Figure 5: Opinion of SMEs from the Republic of Macedonia on using English with business partners from German speaking countries: English is enough*

*Source: Cickovska, 2013, pp. 132*

The perception of the SMEs in the Republic of Macedonia shows the same results as the requirements for a more serious approach to learning foreign languages in the European Higher Education Area. 81.3% of them think foreign languages should be obligatory in the education process and 78.1% believe that there is a need for German to be taught at universities.

The need for foreign language skills and communication competences, not only in English as a lingua franca, in order to meet of the need for work mobility and competitiveness of enterprises in Europe and in the Republic of Macedonia are far from being achieved.

### ***FOREIGN LANGUAGES IN THE HIGHER EDUCATION - A REQUIREMENT TO MEET THE NEEDS OF THE MARKET***

The development of highly trained employable workforce for the needs of the international market is a vision of the Industrial Policy and of higher education. Each country seeks to develop an employable and competitive workforce for the national and the European market. The fundamental factor for an increase in competitiveness, especially for smaller countries, for an export increase and economic growth is the capability of the workforce, and a fundamental factor to develop the capability is higher education. Higher education should take into account the needs of the enterprises, the needs of the market, and the needs of the graduates. According to the analyses of education management, there are no effective relations between the education and the economy or business, which leads to the result that the education does not meet the needs of the market.

The dialogue about the link between the educations system and the labour market is still a formal one. For example, according to conclusions in the Industrial Policy of

the Republic of Macedonia, it still does not match the business needs in the country despite the efforts for a continuous education related to the needs of the economy, stated in the Programme for Development of the Higher Education in the Republic of Macedonia or in other strategic documents, for example in the University "St. Kliment Ohridski"'s Programme for cooperation with the economy. The situation is similar in Europe as well - according to the research from 2010, European enterprises, with employers from 27 countries, seek improvements of the key competences of the higher education graduates by internship, as an integral part of higher education, by curricula more fitting to the needs of the enterprises, and by the incorporation of practical experience into the curricula. In the plan projected in the Programme for Development of the Higher Education in the Republic of Macedonia an agenda is set to create and implement study programmes and curricula in a dynamic dialogue with the labour market, but there is still a significant gap between the workforce's qualifications and the market demands.

The usage of foreign languages implies knowing them as well as being able to improve them. In the higher education one cannot expect that the knowledge from the school days is enough to be able to use the language after graduating if there has been a break in the usage and the learning of the language during the higher education studies. Successful language learning depends on its continuous using and improving. If there is no continuity in the usage of foreign languages during higher education studies, if skills for lifelong learning of foreign languages are developed to be able to meet new specific needs in future professional life of the highly educated workforce, there is no way to develop the competences needed to connect with the world which needs those educational services. Continuity is particularly necessary in using foreign languages for subsequent success.

According to research on the higher education conditions in the Republic of Macedonia it was determined that a dynamic relation has not been established between the needs of the market for German language and the study programmes and the curricula of the non-philological faculties. On average, the offer for German language is 1 to 2 semesters in first cycle degree programmes, usually at the beginning of the studies. In the second and the third cycle programmes there are no foreign languages at all, in spite of the demand for promotion, motivation and support of learning foreign languages at every level in the new documents for development of a unique Higher Education Area. The National Programme for Development of the Education requires training for using a foreign language, which requires continuous use, constant improving and lifelong learning. The Decree for the National Framework for Higher Education Qualifications describes the competences for rapid, unrestrained and secure access to various sources and knowledge and communication skills, for science and economics with descriptors for all three levels, and the knowledge of foreign languages is a requirement for possession of those skills. German as a second language of the European market, a language of the market to which the Republic of Macedonia aspires, is one that underlies the competences set out in the Decree descriptors. However the offer of German language in the study programs is insufficient.

After reviewing the curricula and the changes that have occurred over the years, no strategies could be noticed for determining the offer for foreign languages at the universities, neither specifically for German language.

Visible examples of how all university modules are equated in relation to the offer for foreign languages and how they play a lesser role in study programmes can be seen from the offers at the faculties of economics. The offer for foreign languages is the same at all faculties of economics from all universities in the Republic of Macedonia, for all modules - furthermore, the modules Accounting, Finance and Auditing and International Economics and Business at the University "St. Kliment Ohridski" - Bitola are treated as equal, by having a mandatory class of foreign language or an optional class of German in 3 odd semesters; the modules Accounting and Auditing and Foreign Trade are treated as equal by having an optional foreign language class in the 2nd and 3rd semester at the University of Skopje; and the modules Financial Management, Health Management and International Economics at the University of Stip are treated as equal as there is a mandatory foreign language class in all semesters starting from the third one for the four-year studies. It can be seen from these examples that the faculty with the longest tradition in the state has the least serious offer for foreign languages, which means that at the Faculty of Economics one can get a degree in foreign trade without learning any foreign language, that is, without having any foreign language competences.

It can be concluded that there is no strategy to determine a class load or an offer to learn German language at non-philological faculties in the Republic of Macedonia, that the needs of the students for foreign languages competences, needed for academic mobilities, are not taken into account, neither are the needs of the market nor the demands of EU about foreign languages.

According to a SWOT analysis, weaknesses in terms of competitiveness of the Macedonian industry include weak negotiating power, higher education inappropriate to business needs and problems related to running a business, particularly in connection with the conclusion of business contracts, enforcing them etc (IP, 2009, pp. 20-21). Unfulfilled cooperation is one of the reasons for the unmet needs of the market.

Similar to other signatory countries to the Bologna Declaration, at the older universities in Macedonia which have existed before the introduction of the Bologna process there is a decrease in the offer of foreign languages in general and thus a decrease in the offer of German as a foreign language at the non-philological faculties. The class load being drastically shortened was partly due to the decrease in the number of classes and the necessity of creating space for others predominantly vocational subjects.

That is also happening in other European and Balkan countries. A collection of papers published in 2009 in Italy (Levy-Hillerich, Serena, 2009) contains reports on the state of teaching German at non-philological faculties in Europe; in Belarus, France, Greece, Italy, Croatia, Lithuania, Macedonia, Poland, Romania, Russia, Serbia, Slovakia, Slovenia, Czech Republic, Ukraine and Hungary. The reports show that the situations are similar in nearly all European countries in terms of the low offer of German language at the non-philological faculties, and the need to plan an academic-oriented and market-oriented education.

In order to take into account the competences required for vocational work of the higher education graduating workforce, in accordance with the standards set by the employers, and to implement appropriate educational outputs relevant to the labour market, it is necessary that the curricula are developed in cooperation with the market and based on research of the needs of the market, such as the one on the needs of the Macedonian market for German language skills partly presented in this paper.

## ***SUGGESTED ACTIVITIES FOR THE ESTABLISHMENT OF A DYNAMIC COOPERATION BETWEEN HIGHER EDUCATION AND THE NEEDS OF THE MARKET***

In order to establish a dynamic cooperation between the higher education and the needs of the market, it is required to develop a language policy and a higher education language policy in through which the following activities could be implemented in an organized and coordinated manner, as measures for improving the language education of university students from all professions and modules:

„Language policies in higher education need to match the changes to the language environment and the social and political climate in order to encourage mobility and employment opportunities in line with the Bologna reforms (Cercles, 2011, pp. 3).“ Through the establishment of a higher education language policy in Macedonia, the following activities which we suggest could be implemented in an organized and coordinated manner as measures for improving the language education of university students:

- Providing and encouraging investments for foreign language skills development in higher education and the economy;
- Promoting the importance and the necessity of foreign languages to all citizens, the economy and the higher education;
- Encouraging and supporting cooperation between higher educational institutions and the economy in order to develop adequate foreign language skills;
- Encouraging and supporting the development of language policies in universities;
- Defining reference points to lead the universities to develop and implement their own; specific language policies (according to Nancy declaration 2006 Preamble point 5) in cooperation with the economy;
- Establishing an interuniversity body for coordination and support of activities for the development of appropriate foreign language competences in higher education and for cooperation with the economic sector, which would consist of people on leading positions in universities, representatives from the Economic Chambers, representatives from the economic sectors, experts on foreign languages in higher education, foreign language teachers and students;
- Supporting and initiating projects to secure the development of adequate foreign language skills;
- Supporting empirical research and analyses of the needs for foreign languages

In line with the higher education language policy, activities should be organised at an interuniversity level in cooperation with the economic sector, such as:

- Supporting and providing systematic consultation and cooperation of key concerned parties to determine the needs and the guidelines for the development of adequate foreign language skills;

- Organising meetings of the higher educational institutions and the economy in order to collectively define a strategy to establish and define the needs, the states and changes of foreign language skills of graduates;
- Defining a common catalogue of descriptors to establish a common language between the needs of the economy, the objectives and the outcomes in higher education by adapting the existing European instruments;
- Securing approval from business entities for cooperation with higher educational institutions, such as providing internships for students at jobs with international contacts;
- Organizing training and informative sessions in cooperation with the Economic Chambers with the aim of informing employers and employees about the European instruments for transparent presentation of language skills, such as the European Language Portfolio and the language portfolio, encouraging their use and encouraging employers to record the knowledge of employees and the needs of the enterprise;
- Organizing coordinated meetings of foreign language teachers and representatives from the economy with international business contacts with the purpose of:
  - exchanging views, goals and content of foreign language curricula in higher education
  - defining case studies of real-life situations with jobs and business contacts in teaching foreign languages in higher education
  - forming a database of authentic teaching materials from companies operating on the international market;

## ***CONCLUSION***

International cooperation is no longer limited to professionals trained in international trade (and in the Republic of Macedonia not even the university curricula for the modules on international trade have a constant offer of foreign languages). The new dimension of international trade makes a shift from pure export to international cooperation. There is no longer only a movement of products, the willingness to encourage and maintain cooperation with business partners is required, and so is the coordination, the resolution of problems and so on. Communication is not limited only to professional messages but is also oriented towards communicative relationships (Beneke, 2001, pp. 1). This means that almost all people from different fields and holding different positions should be ready for the international market. This need is increased by today's unsustainability i.e. frequent variability of the employment and the field of work. For these reasons, all students must be prepared to communicate in at least one foreign language besides English.

A conclusion that is 20 years old, and yet still not practiced: "Only if the transfer of foreign languages is perceived as a real task of higher education, if they provide professional structures of organisation and comparable profiles of university certificates, the students can be offered what Europe and professional future will require and that is: command of foreign languages in word and deed as a result of goal-oriented and practically usable foreign language education, adequate to higher education standards." (AKS Resolution, 1996, pp. 2)

Investing in the development of foreign language skills would have economic advantages and would positively influence the productivity and the success of SMEs and the country's economic development. There should be widespread awareness of the needs for activities to develop high-quality foreign language skills, with the intention of reaching political stakeholders at national, regional and institutional levels in the educational and economic sector (ELAN, 2006, pp. 70-72).

The general and the professional education should support the development of key competences so that all young people will acquire competences for further education and professional life. Adult training and education should offer real opportunities for development, improvement and actualisation of their own key competences throughout life (Joint Progress, 2010, pp. 5).

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***PART III***  
***EMPLOYMENT AND EMPLOYEE MOTIVATION***





# **COMPANIES INVESTMENTS IN EMPLOYEES AS A FUNCTION OF DEVELOPMENT AND INTENSIFICATION OF COOPERATION WITH HIGHER EDUCATION INSTITUTIONS**

*Dragana Trifunovic PhD<sup>29</sup>*

*Vuk Bevanda PhD<sup>30</sup>*

## **ABSTRACT**

*Companies strive to development that is necessary to their business. Compared to other development factors distinguishes human capital, and what particularly stands out is the fact that without educated and professional people companies can not effectively use even the other factors of development. Depending on what kind of human and intellectual capital the company has, and how much is investing in it, depends the present and future performance development. In addition, there is the great importance of intensifying cooperation with higher education institutions. Cooperation between businesses and higher education institutions can be achieved in several ways. Each of these methods carries a number of benefits for both organizations.*

*In this paper, throughout the results of the research, are shown links and relations between enterprises and higher education institutions, but also the importance of investment in the company employees. A period of ten years has been considered to see the flow of movement, change and development directions.*

**Key words:** *Companies, Investments, Employees, Development, Cooperation, Higher Education Institutions.*

**JEL Classification:** *M14*

**UDC:** *005.963*

*658.114.2:378*

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<sup>29</sup>Dragan Trifunovic, Faculty of Business Studies, Megatrend University, Belgrade, Serbia, dtrifunovic@megatrend.edu.rs

<sup>30</sup>Vuk Bevanda, Faculty of Business Studies, Megatrend University, Belgrade, Serbia, vbevanda@megatrend.edu.rs

## ***INTRODUCTION***

The human factor and its ability to continually enlarge and spread knowledge, creation of new technological solutions and possibilities of continuous mobilization of all other economic resources, are the subject of great interest. Of all the values that the company owns can be said that the most important value is contained in the knowledge and the ideas of its employees and managers (Trifunovic, Tankosic, 2013).

Cooperation between businesses and higher education institutions can be achieved in several ways. Each of these methods carries a number of benefits for both organizations (Trifunovic, Tankosic, 2013). In higher education institutions there are big changes under the influence of information and communication technologies, the Bologna process, the Internet, new tools for improving innovation in education and training. On the other hand, in the companies are also big changes under the influence of technological innovation and the need to invest in human capital. Exchange of knowledge and innovation achieved in the interaction, leads to the dynamics of economic development.

This paper will show the importance of investing in employees on the one hand, and the importance of cooperation of companies and higher education institutions on the other. To obtain a realistic picture and projection of development direction, authors will present a detailed conducted survey, which lasted two years, and the results of the research and statistical analysis. There will be shown links and relations between enterprises and higher education institutions, investments in employees, in the period of 2000-2010. year.

## ***INVESTMENTS IN EMPLOYEES AS A FUNCTION OF COMPANY DEVELOPMENT***

As one of the important factors that influence the development of the company are employees. Investing in employees, in human capital is essential so the company could grow and develop. American economists Schultz and Becker, Nobel laureate in economics, are among the first to open and have a detailed debate about the essence and meaning of human capital as a development resource. Since then the world economy, but also other literature is more intensively engaged in the concept of human capital. The first large collection of texts on human capital that has been released by Schultz, which included discussion of education, vocational training, migration and health (Becker, 2007). Basics of Schultz's and Becker's concept of human capital is the capital of education (formal, non-formal learning and education), health equity and capital migration or acquisition of a significant economic information or investments in information. Such an understanding of human capital is characteristic for other authors from the area of economics education that follow basics of Schultz's and Becker's findings as well.

Education in the company, staff development and organizational development complement each other. Educational activities of the company are applied as instrumental in improving and enhancing the development of the organization, and vice versa, the measures undertaken for organization development often provoke and develop new competencies (Andevski, 2007, pp. 65-66).

Learning takes place in a social milieu and nowadays is used as a new term for the knowledge that arises from the interaction of many individuals and groups - complex social knowledge. Theories, information and experience are actively integrated in a continuous process of doing business. People learn during the whole lifetime. The learning process itself is important, but it's much more important what is taught. It takes the kind of knowledge that will enable successful development of the work that employee performs. There are two interactive processes required: one that leads to a steady increase of the fund of knowledge, and the other that confirms in practice. These two processes with its content should be close. If there is a lot to learn, but no use of that knowledge, resources will be vainly wasted. Conversely, if the attempt is to teach and learn through practice, the results will be poor, because of frequent errors and wandering (Komazec, Petrović-Lazarević, 2007, p.270).

It can be pointed out that:

1. The majority of conferences about education, in the last few years, have contents related to education with work, and less to regular education,
2. Current is education with work, as well as permanent education (which is necessary because of new technology, innovation, changes in the organization, increasing competition).

Workers who have knowledge are working to achieve the set objectives by using the appropriate knowledge. They will initially seek appropriate knowledge in their own memory. However, this has its limits. Therefore, they should seek for real knowledge from the extended source or from other people, from the literature and knowledge base. In order to reach the right source, they have to use information from other sources. Even with extended sources, it is not possible to successfully achieve all the goals. Such goals can only be achieved by creating and receiving new knowledge, combining different types of existing knowledge (Rikio, 2012).

Knowledge of managers, officers, employees were quite satisfactory at the time of employment, satisfying their needs and the needs of the companies, but in time were no longer sufficient. Permanent or lifelong education (school, courses, seminars, lectures, self-education and self-study), has become a way of maintaining existing and new trends in labor and employment (Andevski, 2007, p.100).

## ***COOPERATION BETWEEN COMPANIES AND HIGHER EDUCATION INSTITUTIONS***

Science is not just in universities and scientific research organizations, but also in industry, companies. Cooperation between universities and economy is of the utmost importance today. This cooperation can be achieved in various ways - through the development of new academic programs, joint research projects, seminars, presentations at fairs, students practice. Universities, along with other research organizations, play an important role in the creation and dissemination of knowledge.

In the 21st century, when companies often pioneered the technology and innovation, there are things that students can not learn on faculties. In addition, some companies have such a rapid development, particularly in the field of high technology, that universities can not provide them enough quality personnel. That is why the

cooperation between the universities and enterprises is of great importance, both for the students and for companies but also for science and technology development.

Globalization has also led to the flowering of the partnership, as the amplifier of competition, as evidenced by the increasing number of international schemes and attention given to them (Sursock, Smidt, 2010, pp. 20-21).

The main channels for the realization of cooperation are:

- Codification: publications, patents, prototype,
- Cooperation: joint ventures, exchange of experts,
- Contacts: meetings and conferences, science parks, informal mutual actions, industry-specific governance and the establishment of networks,
- Contracts: license, research contracts, consulting, as well as
- Contacts: universities as customers, sponsorship of university camps, scholarships, part-time study,
- Contracts: universities using equipment spin-off company, product testing, business support (Komazec, Petrović-Lazarević, 2007, pp. 101-102).

Companies develop development programs which are based on cooperation. Reasons, but also the benefits of cooperation between companies and universities are different, and those who most stand out are:

- Acquiring new scientific information,
- Training of qualified graduated workers,
- Support to new scientific networks and stimulation of mutual cooperation,
- Increasing the capacities for problem solving,
- Creation of new instruments and methodologies (techniques),
- Creation of new firms,
- Provision of social knowledge (Komazec, 2012, p.250),
- Faster acquisition of necessary skills or resources,
- Obtaining the necessary skills or resources from partners to reduce engaged assets and grow their own flexibility,
- Cooperation with partners creates the opportunity to learn (Komazec, Petrović-Lazarević, 2007, p.102).

New directions of education, scientific and technological development are affecting the companies and cause changes that lead to closer cooperation and connectivity between companies and higher education institutions in the creation of knowledge. There are different forms of cooperation that can be achieved between companies and higher education institutions. Cooperation takes many shapes and forms, such as involvement of public and private stakeholders or the local community in the lifetime of higher education institutions.

It can be realized in cooperation with companies, in cooperation with other higher education institutions:

- Thus, the companies' involvement in higher education is increasing, either through their participation in external committees and visits to committees, through research contracts or providing internships, (Sursock, Smidt, 2010, pp. 20-21)



- Other types of partnerships bind an institution with other higher education institutions - at local, regional, national and international levels - to improve the critical mass of research, enrich the educational offer (for instance through joint diplomas) and improve the reputation of institutions and international scope.

The most extreme example of this strategy of partnership at the local level has led to several mergers - run by governments or leaders of higher education institutions. Many national research councils also promoted greater research structures with consortia arrangements between research partners, creating critical mass and enhanced international visibility.

It becomes clear that the creation of small international and European networks is a strategy often chosen by institutions to increase their visibility and combine forces. These networks are increasingly used as institutional status markers that provide face-to-face opportunities for exchange and partnership, as well as better understanding of the situation of higher education around the world. Creating an international franchise programs or branches of faculties in cooperation with local actors, is also part of this trend of internationalization. Internationalization, which is traditionally measured by the number of exchanged students and bilateral agreements is now perceived more strategically and qualitatively (Sursock, Smidt, 2010, pp. 20-21).

After the rapid expansion of the EU promoted partnership, cooperation has shifted from individual academic or department levels on part of the overall institutional strategy. More and more attention is given to quality rather than quantity of partnership and there is a greater critical awareness of the need to choose partners carefully and purposefully (Sursock, Smidt, 2010, pp. 20-21).

### ***THE METHOD AND THE RESULTS OF RESEARCH OF COMPANIES INVESTMENTS IN EMPLOYEES AND COOPERATION WITH HIGHER EDUCATION INSTITUTIONS***

In order to comprehend the role and importance of investment in companies employees in the function of improving cooperation with higher education institutions, the survey was conducted on the territory of the Republic of Serbia. It took 2 years and was conducted in the period from March 2011 to March 2013.

Bearing in mind the objectives of research and the emergence that research deals with, as the most appropriate approach to research the test method was selected. The applied research method involves the use of surveys, or collection of descriptive data based on structured questionnaires. The main instrument for testing was questionnaire, which is by far the most used in primary data collection (Rakić, 2003). The data were collected through direct and personal interviewing or by sending a questionnaire via e-mail.

The survey included companies from different business fields. The study was based on surveys of managers and other employees who possessed the necessary information and were able to answer the questions in the survey. The questionnaire contains a total of 12 questions, which are completely closed or completely open.

The questions are organized into five groups. The first group includes those linked to basic information and data about the surveyed companies. The second group relates

to data about achieved cooperation between companies and higher education institutions in terms of solving the existing problems in the organization or its development in the period of 2000-2010. year. The third group of questions is related to investments in employees, the number of funding in further education at higher levels of studies in the period of 2000-2010. year. The fourth includes the effects of additional education of employees and planned investments in the coming period for this purpose. The fifth group of questions relates to cooperation with higher education institutions in terms of student practices in the period from 2000-2010. year.

The research sample was 100 surveyed companies. Companies are from different activities and different sizes. The sample includes companies which are listed among the 300 best companies in Serbia according to the criteria of realized business income, that were willing to cooperate.

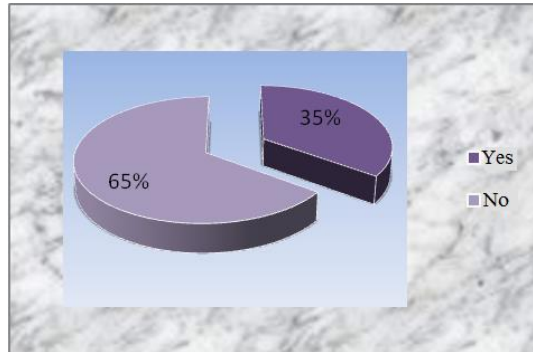
The results, obtained during data processing, are represented through spreadsheets and graphs that follow. The first table shows the basic information about the surveyed companies that make up the number of processed companies, employees and highly skilled workers (the average, minimum and maximum number of employees and highly skilled workers).

*Table 1: Number of employees and highly skilled workers*

The total number of surveyed companies	Average number of employees	Maximum number of employees	Minimum number of employees	Average number of highly skilled workers	Maximum number of highly skilled workers	Minimum number of highly skilled worker
100	436	3000	1	96	1000	0

The total number of surveyed companies and processed is 100. Otherwise, companies in the Republic of Serbia are in a very difficult position. After many years of economic sanctions and bombing by the NATO alliance, there was a period of global economic crisis. The crisis did not bypass the Serbian economy, which is further burdened by the poor performance of the transition and the unsuccessful privatization of the companies. According to published research, more than 70% of privatized companies in Serbia have lower business performance in relation to those they had before privatization (Kokeza, Stavric, 2009). Short term improvements of operations came by the implementation of structural reforms and creation of a favorable business environment for the business activities of companies in the Serbian economy in 2006 and 2007. However, the global economic crisis that originated in the United States and that quickly spread to other countries, has led to rapid and synchronized fall in production in most countries (Kovač, 2011, p.14). It also led to unprofitability of Serbian companies in 2008, and the consequences of this situation became particularly evident in 2009, but also in the coming years (Komazec, Živaljević, Trifunović, 2010).

After presenting basic data on surveyed companies follows graph 1, which shows whether some form of cooperation between companies and higher education institutions was accomplished or not, in terms of solving the existing problems in the organization or in terms of its development in the period of 2000-2010. year.

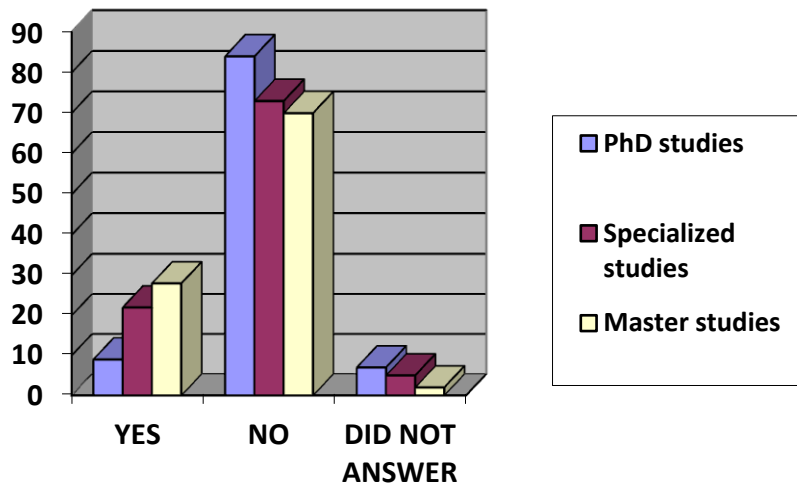


*Graph 1: Companies that in the past 10 years cooperated with a higher education institution in terms of solving the existing problems in the organization or in terms of its development*

The graph shows that 65% of companies stated that there has been no form of cooperation, while only 35% reported that they realize cooperation. Cooperation between businesses and higher education institutions does not only lead to their development, but also increases level of expertise of the entire population, increases diversity of knowledge among enterprises and increases the diffusion of innovation in terms of quantity and speed. In addition, companies in interaction with higher education institutions become more attractive to other companies, which leads to new forms of cooperation, networking and of partnership (Ahrweiler, Pyka, Gilbert, 2011).

*Table 2: Companies that have invested in human capital in the period of 2000-2010. year*

The level of studies	The percentage of companies that answered with YES	The percentage of companies that answered with NO	Companies that did not respond to the question, in %
PhD studies	9%	84%	7%
Specialized studies	22%	73%	5%
Master studies	28%	70%	2%



*Graph 2: Companies that have invested in human capital in the period of 2000-2010. year*

Table 2 shows companies investments in employees, further in their education at the master, specialist and doctoral studies. Data are presented in percentages, which is shown more detailed in Figure 2, where the percentages of affirmative answers are low. Among them, the highest percentage of the financing employees education refers to master studies, 28% answered YES, then the specialist studies 22%, and the lowest percentage are doctoral studies 9%.

Investment in human capital by financing additional education of employees, leads to higher stock of knowledge, new scientific knowledge and practical application of newly acquired knowledge. Companies that invest in human capital in this way, influence the skills, attitudes and behavior of individuals to do their job (Trifunovic, Tankosic, 2013).

Knowledge built in human capital enables companies to improve their competence and to discover new innovative opportunities. When companies develop new products, new processes, they need motivation, ability and new knowledge of human capital to produce creative ideas, develop innovative access and create new opportunities. (Chen, Huang, 2009) Development of new products and services includes extensive and intensive knowledge activities. New ventures mainly depend on knowledge and skills of employees, as well as key inputs in the process of knowledge creation (Li, Huang, Tsai, 2009).

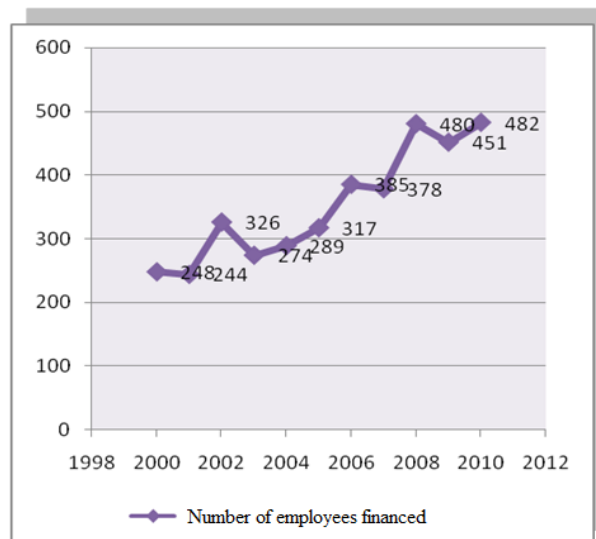
Investing in human capital through additional education programs (through master, specialist or doctoral degree) by companies, allows employees to implement new scientific knowledge in their companies. The number of employees financed by companies, from 2000-2010. year, we can see in Table 3.

*Table 3: Number of employees funded by the company in order of further education in the period 2000-2010. year*

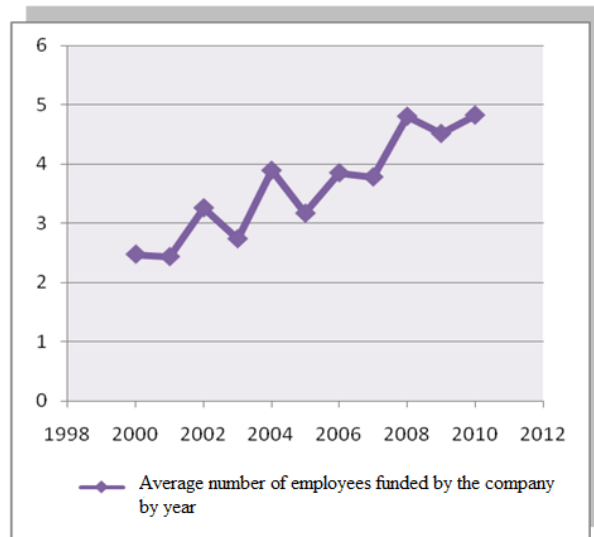
Year	Number of funded employees	Average number of employees funded by the company by year
2010	482	4,82
2009	451	4,51
2008	480	4,80
2007	378	3,78
2006	385	3,85
2005	317	3,17
2004	289	2,89
2003	274	2,74
2002	326	3,26
2001	244	2,44
2000	248	2,48

Data on the number of employees financed by years are more visible on the graph 3, while on the graph 4 we can see the average number. Investing in human capital from year to year is increasing. The minimum investment was in 2001, when the total number of employees who were paid further education was 244, which on average, compared to the total number of surveyed companies, is about 2 employees in the observed year. The biggest investment was in 2010 when the total number of employees funded by the company in order to improve their education was 482, which on average, compared to the total number of enterprises surveyed, is approximately 5 employees in the observed year.

A positive indicator is that from year to year, with minor variations, increases the number of employees that companies financed in order to improve their education (through master, specialist, or doctoral studies) and that from 2000-2010. that number has doubled. A more detailed analysis follows on the graph 3.



*Graph 3: Number of employees financed*



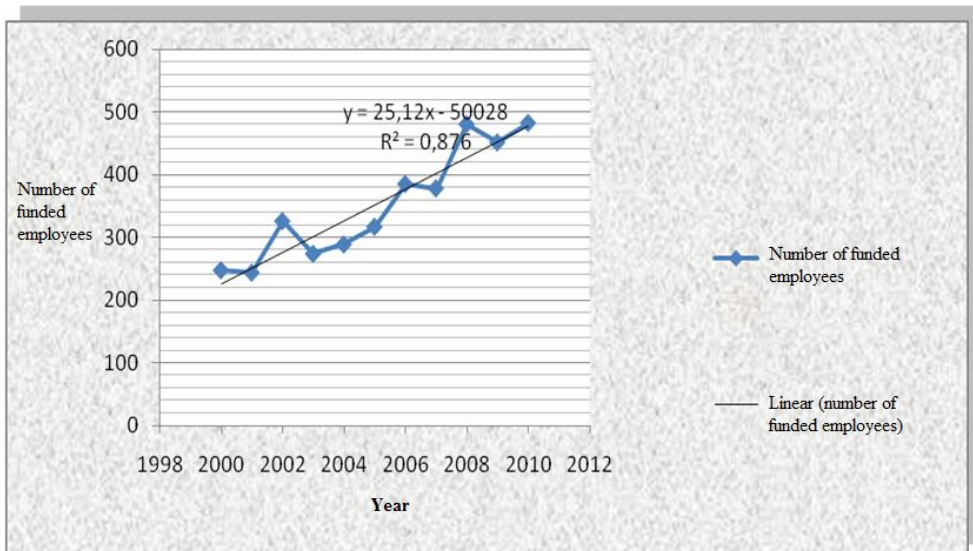
Graph 4: Average number of employees funded by the company

On the basis of the arithmetic mean we can calculate the average value of the number of funded workers:

$$\bar{\chi} = \frac{\sum \chi}{n}$$

$$\bar{\chi} = 4$$

It is 4, which means that the surveyed companies on average send 4 workers per year for additional education in the observed years.



Graph 5: Number of funded employees in the period of 2000-2010. year

Graph 5 shows linear regression. We obtained the following information:

$$y = 25,12x - 50,028$$

$$R^2 = 0,876$$

In this case, the dependent variable is the financing of employees (ie, investment in human capital), an independent variable are years. A square of the correlation coefficient in this case is 0,876, which means that the dependent variable is determined by independent and that each year the number of funded employees in order to improve their education will rise, ie. that from year to a year investment in human capital will increase.

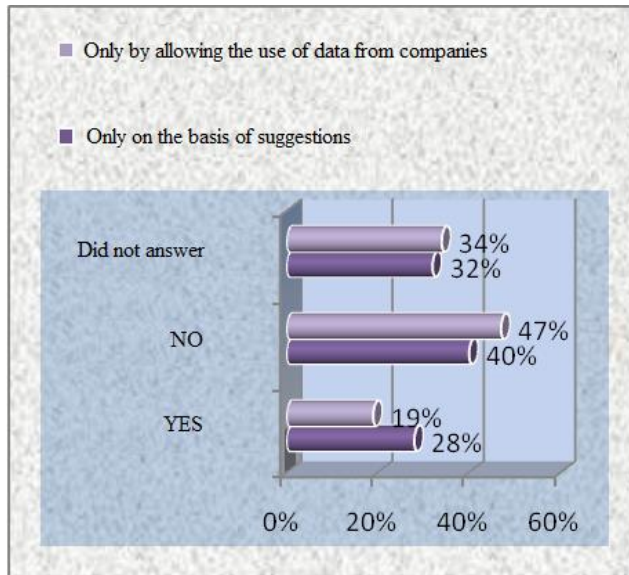
The most frequent reasons of surveyed companies to finance additional education of employees are investing in staff development, the need for a number of highly educated personnel, the needs of companies for advancement and training of personnel, increasing the competence of employees, greater expertise in the work, faster and more flexible problem solving in business, affinity to expand activities of the company and market positions, the need for its own specialists.

When it comes to the effects of that financing (ie. If there is any evident proof that it contributed to the development of the organization) companies that financed employees in their further education have cited the following effects the most: avoiding additional costs which would result in the recruitment of new highly educated workers, newly successes in the company, increased competence of employees that has enabled overcome the problems in the organization, implementation of innovation that has enabled the creation of new products that led to the development.

How does the company affect the topic of the thesis of employees that continue their education at master, postgraduate or doctoral studies, and whether there is influence or not, can be viewed in Table 4 and graphical presentation number 6.

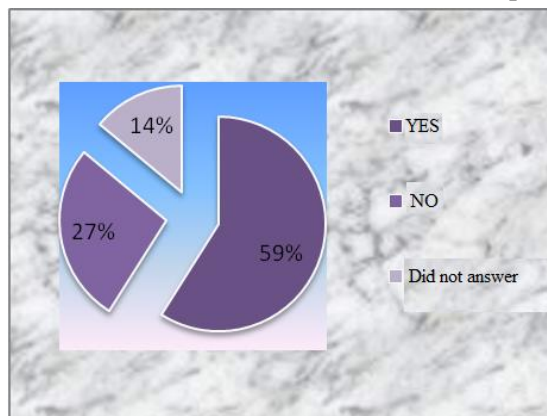
*Table 4: The way in which companies affect the topic of the thesis of employees*

Companies provide:	Percentage of companies that answered with YES	Percentage of companies that answered with NO	Companies that did not respond to the question, in %
Assistance in making work only on the basis of suggestions	28%	40%	32%
Assistance in making work only by allowing the use of data from companies	19%	47%	34%



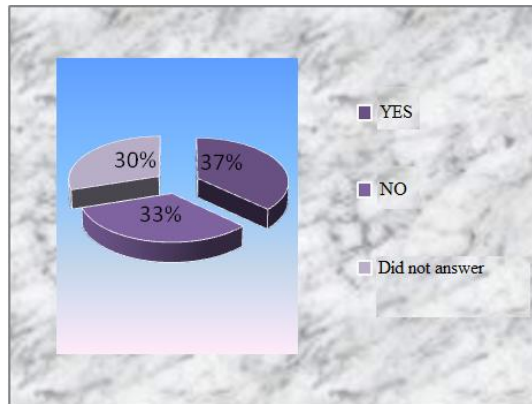
*Graph 6: The way in which companies affect the topic of the thesis of employees*

The way in which companies can influence the final work of employees, regardless of whether they are financed by company or financed themselves, was specified after examining the suggestions or by allowing the use of data from companies. Data are presented in percentages and we can see that a large number of companies answered with no, which means that they do not affect the theme of the final work of their employees. In second place are companies that have not responded to this question. Of those companies that have responded positively 28% helps with the suggestions, while 19% said it allows the use of data from companies.



*Graph 7: Companies that plan to allocate funds for financing training of employees in the following period*



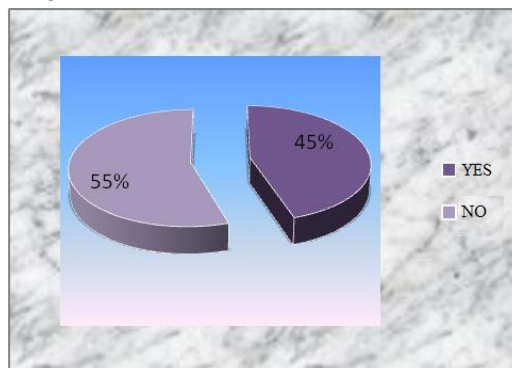


*Graph 8: Employees make discovery from their final work available to the company*

Whether the company plans to allocate funds to finance human capital in the future we can see in the graph 7. The largest percentage of companies pleaded that plans to allocate resources to invest in human capital, 59% answered YES, 27% NO, while 14 % did not answer this question.

Chart 8 shows whether employees findings of their final work made available to the company or not. Most of them answered yes, 37%, but right away after them are those who answered negatively, with 33%. A large number of surveyed companies did not answer this question.

Investment in further education of employees is necessary because information and knowledge is a competitive weapon at any time. In the 21st century, the acquisition of knowledge is not a great thing, but the application of acquired knowledge is. Only intelligent people can decide where and when they can apply their knowledge and to give the best results (Vargas-Hernández, 2010).



*Graph 9: Cooperation between companies and higher education institutions in terms of student practice*

The graph 9 shows cooperation between companies with higher education institutions operating through student internship period 2000-2010. year. This is one of the ways in which students learn more easily and understand through practical experience, and on the other hand, the companies implement new technical and scientific knowledge. The aim of

cooperation through this program is to teach students to apply theory in practice. In this way, students will gain confidence and motivation, become proactive, creative and learn how to work in a team (Oosterbeek, Praag, Ijsselstein, 2010).

The percentage of companies which pleaded that they receive students on practice is 45%. Slightly higher number pleaded that such form of cooperation with higher education institutions is not achieved – 55% answered with NO. The number of students that companies received on practice by periods, in the last ten years, and the average duration of the students' practice can be viewed in Table 5.

*Table 5: Cooperation with higher education institutions in terms of student practice*

<b>In which year cooperation has been established</b>	<b>Number of students on practice</b>	<b>Average number of students on practice</b>	<b>Average duration of practice</b>
2010	204	2,04	2 months
2009	269	2,69	3 months
2008	130	1,30	2,5 months
2007	94	0,94	3 months
2006	140	1,40	3 months
2005	44	0,44	3 months
2004	49	0,49	5 months
2003	28	0,28	3 months
2002	25	0,25	3 months
2001	21	0,21	3 months
2000	20	0,20	3 months

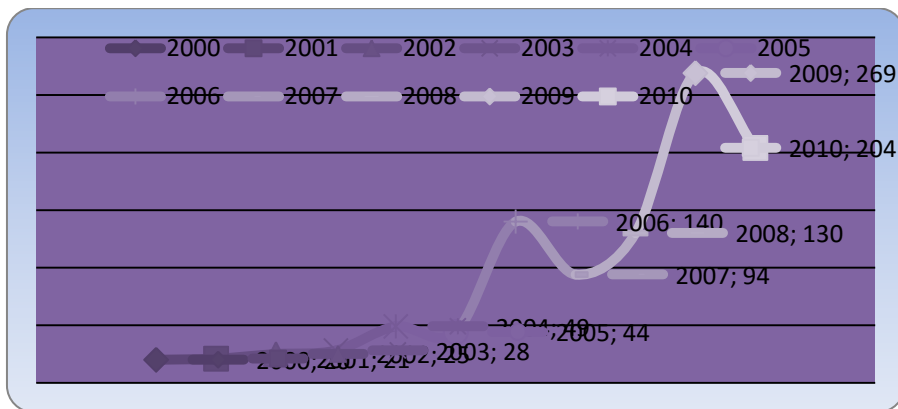
The graph 10. graphically shows the number of students that was on practice in the surveyed companies in the period 2000-2010. Year. Number of students who are accepted on the practice in companies grow, with minor deviations, by 2006, but it changes to the fall in 2007. After this records growth until 2009 and fall again in 2010. The minimum number of students on practices was recorded in 2000 and amounted to 20, and the highest number was recorded in 2009, amounting to 269 students in the observed year. When we look at the first year of 2000 in comparison to last observed 2010, we see that the number of students on practices in enterprises was increased by 10 times.

In this way, students and employees can learn from each other because in the internal communication they do not just learn from their personal experiences, but also from the experiences of others. The exchange of knowledge between individuals brings new sources of knowledge as well (Rikio, 2012). During the exchange of knowledge comes to the development of innovation in teams, units and / or at the level the whole company. In order to better meet the innovative task, employees have to borrow from the tacit knowledge (skills or experience) of their colleagues or students, or explicit knowledge (institutionalized approaches and practices) that exist in the company. So, companies that can promote the practice of sharing knowledge within the group or organization will probably generate new ideas for the development of new business opportunities (Wang, Wang, 2012).

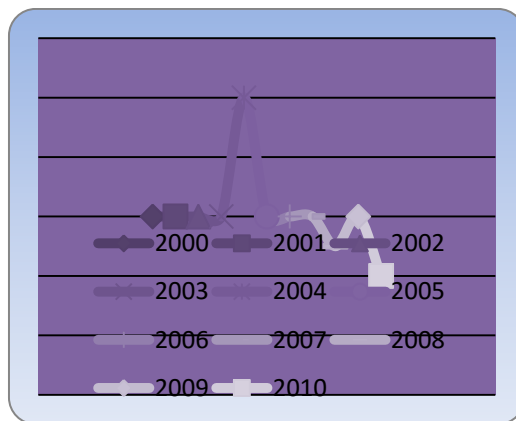
On the other hand, faculties have the ability to:

- Prepare and apply modern curricula and teaching methods,
- Engage students (during the implementation of additional activities) and / or establish and maintain communication with other organizations in which students acquire additional practical knowledge, and
- In the manner indicated above, enable its students to acquire integrated knowledge (Rakić, Rakić,2008).

The average length of student practice we can clearly see in the graph 11. The duration is expressed in months and the only major deviation was in 2004 when the practice lasted 5 months on average. The practice in companies in the observed years usually takes 3 months, but in 2010 it was reduced to 2 months. These indicators show that this kind of cooperation exists, but it is not sufficient. Practice at universities should be mandatory, but some faculties have not developed an organized support for connecting students and companies.



Graph 10: Number of students on practice in the period 2000-2010. year



Graph 11: Average duration of student practices expressed in months

The average value of the number of students on practices we get through the arithmetic mean:

$$\bar{\chi} = \frac{\sum \chi}{n}$$

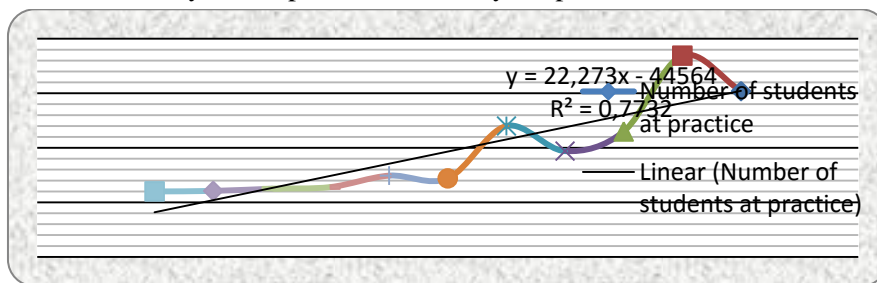
$$\bar{\chi} = 10$$

The arithmetic mean is 10, which means that an average is 10 students per year on practices in the surveyed companies in the observed years. With the arithmetic mean, we also calculate the average length of student practice expressed in months:

$$\bar{\chi} = \frac{\sum \chi}{n}$$

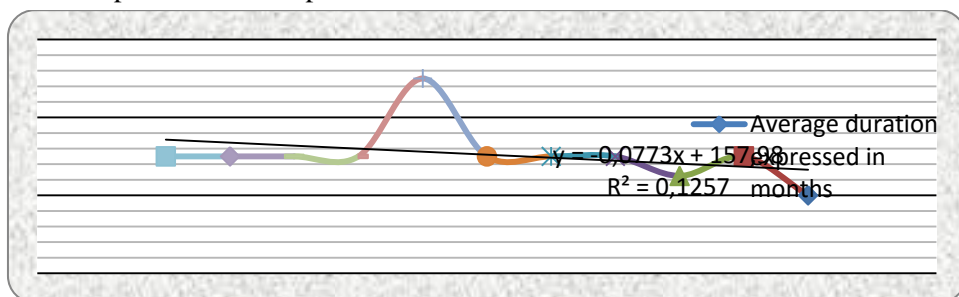
$$\bar{\chi} = 3$$

The arithmetic mean is 3, meaning that the average duration of student practice is 3 months in the surveyed companies in the analyzed period.



Graph 12: Number of students at practice during the period from 2000-2010. year

The graph 12 is a representation of linear regression. In this case, the dependent variable is the students on practices (ie. number of students on practice), and an independent variable is observed years. The square of correlation coefficient or coefficient of determination in this case is 0.773, which means that the dependent variable is determined by independent and that growth of years follows the growth in the number of students at practice, ie. that every year there is a growing number of students on practices in companies.



Graph 13: Average duration of student practice expressed in months

Chart 13 shows the linear regression between the duration of the student practice that is expressed in months (representing the dependent variable) and year (represents an independent variable). The coefficient of determination in this case is 0.125. This means that the independent variable is not associated with the dependent, ie. that from year to year there is no change in duration of internship.

In Table 6 are listed faculties from which the largest number of students comes on practice, or those with which the surveyed companies most often collaborate on student practice.

*Table 6: Faculties which mostly cooperate with companies on student practice*

The most commonly cited faculties with which cooperation has been established and that students came to practice from		
Faculty of Organizational Sciences	Faculty of Pharmacy	Faculty of Law
Faculty of Economics	Faculty of Agriculture	Business College
Faculty of Technology	Faculty of Science and Mathematics	Megatrend University
Faculty of Electrical Engineering	Faculty of Biology	

We see that represented faculties are in all scientific fields, except art. Most students come to practice from the field of technical-technological and social-humanistic sciences. Students come on practice from private faculties as well, and the largest number of students come from faculties within Megatrend University.

The best students stand out and they are successful because they are motivated. For some, school is a good place for a candidate to be hired for the job, and some group of students use that opportunity. This group probably includes those who realize a clear relationship between academic achievement and success in their careers, those whose intellectual capacities are continuously improved, that have sophisticated verbal interaction with other people, etc. On the other hand, students which are not employed feel demotivated (Christensen, Horn, Johnson, 2012).

This kind of cooperation, accomplished through student internships, is a good and desirable for the company and for students. Connecting practices, vocational training, further training leads to provision of skilled workers for the industry, which leads to economic development (King, 2009).

Student practice is necessary for students at all universities, those in departments of economics as well, and should become an integral part of higher education. Furthermore, compulsory student practice should be resolved in a systematic way, that is, by appropriate regulations (Savić, Nikitović, 2014, p. 48).

## ***CONCLUSION***

Companies investments in the education of employees is a form of investment in human beings, which is necessary in order to achieve the development of companies. As highlighted in this paper, the importance of cooperation with higher education institutions is very important for companies. This collaboration brings numerous advantages and leads to the development of companies and higher education institutions, and economic development.

Based on the presented results of the research, which included 100 companies, following conclusions were drawn:

1. Companies cooperate with higher education institutions in terms of solving the existing problems in the organization or in terms of its development,
2. Companies invest just a little amounts in education and training of employees (human capital) to improve their education, but when we look at the period from 2000-2010. the number of employees financed from year to year increase, in small percentages though, but it records growth,
3. Companies provide little assistance to employees when making their final papers but allow the implementation of these works and new knowledge in companies,
4. A large percentage of companies is planning to increase investment in human capital in the future,
5. Companies cooperate with higher education institutions in terms of student practice, which takes an average of 3 months, and from year to year there is increase, with minor variations, in the period of 2000-2010. year.

On the basis of everything that was presented in this paper, we can see that there is awareness of the importance of investment in employees in companies that from year to year increases, as well as the intensification of cooperation with higher education institutions.

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# ***BUILDING SMART ORGANIZATION THROUGH LEARNING AND DEVELOPMENT OF EMPLOYEES***

*Snezana Lazarevic PhD<sup>31</sup>*

*Jelena Lukic MSc<sup>32</sup>*

## **ABSTRACT**

*The aim of this paper is to analyze the importance of acquisition, generation, application and transfer of knowledge among employees, which represent very important basis for efficient development of learning organization, and based on it, the concept of smart organization. Learning and development of employees have become the key factors which make difference between successful and unsuccessful organizations, but also a factor that provides the necessary condition for achieving and sustaining competitive advantage in the market. Motivation for this paper is the fact that smart organizations require new features of organizational design which will ensure responsiveness to change, flexibility, and adaptation to the environment through continuous and dynamic processes of learning, training and development of employees. The starting research questions of the paper were: (1) What are the key characteristics of smart organization?, (2) What are the key features of its structure and design?, (3) What are the key processes and activities that support learning and development of its employees? and (4) Is every smart organization, learning organization? By literature review and using Galbraith's Star Model for designing organization, we identified all necessary changes in strategy, structure, processes, employees and rewards that organizations need to pursue in order to become smart. The conclusion is that only those learning organizations which align all elements of organizational design and effectively use their learning abilities to create value are smart organizations.*

**Key words:** *Knowledge, Development of Employees, Organizational Design, Learning Organization, Smart Organization*

**JEL Classification:** *D83, J24, M53*

**UDC:** *005.963  
005.94*

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<sup>31</sup>Snezana Lazarevic, Faculty of Physical Education and Sport Management, Singidunum University, Belgrade, Serbia, [slazarevic@singidunum.ac.rs](mailto:slazarevic@singidunum.ac.rs)

<sup>32</sup>Jelena Lukic, Faculty of Economics University of Belgrade, Belgrade, Serbia, [jelena.jl.lukic@gmail.com](mailto:jelena.jl.lukic@gmail.com)



## ***INTRODUCTION***

From managerial point of view, the term smart organization appears to be originated from the book "Smart Organization: Creating Value through Strategic R&D" which was written by David Matheson and James Matheson in 1997. These authors consider smart organizations as those organizations that develop high quality products and services, and make good and timely decisions (Matheson, Matheson, 1997). Nowadays, the term smart organization is used to describe organizations that are knowledge-driven, interconnected, dynamically adaptive and responsive to new organizational forms and emerging practices (Chan, 2006, p. 102). Being smart means making and executing good decisions which involve gathering and analyzing the appropriate knowledge about markets, products, suppliers, customers, competitors, citizens, etc. But the path from raw data from environment to knowledge is not simple, on the contrary, it can be very hard. Bearing that in mind, it is clear that smart organizations of the 21<sup>st</sup> century will be those organizations which use all available resources to become better, faster, smarter, and more rigorous at many key activities, and those who successfully use technologies for conducting their processes and activities (Wasterman, Bonnet, McAfee, 2014).

The paper starts with the premise that each smart organization should encourage its employees to learn, share information, knowledge, experience, promote entrepreneurship, and to stimulate changes. In that way, organizations become flexible and proactive and their employees not only accept and apply instructions, but they also create new ideas, share their visions, and freely state their attitudes, opinions and values. Fostering such organizational culture, focused on learning and development of employees, is always in the function of improvement of organizational activities and efficient management of the entire business process.

The aim of this paper is to analyze the importance of acquisition, generation, application and transfer of knowledge among employees, which represent very important basis for efficient development of learning organization, and based on it, the concept of smart organization.

The starting research questions of the paper are: (1) What are the key characteristics of smart organization?, (2) What are the key features of its structure and design?, (3) What are the key processes and activities that support learning and development of its employees? and (4) Is every smart organization, learning organization? In order to answer on research questions, we will use Star Model of organizational design as the most accepted and applied model created by Jay Galbraith, eminent author and consultant in the field of organizational design.

## ***WHY ORGANIZATIONS NEED TO BE SMART?***

In the first two decades of the 21<sup>st</sup> century the aim of organizations is not only growth, but development and sustainability. Business environment has changed significantly compared to the environment from a few decades ago, challenging management of organizations to design organizations which will be smart (Petković, Lazarević, 2012; Petković, Lukić, 2014). The future is unpredictable and organizations may have to deal with

situations that cannot be imagined today (Moran, 2009). For that reason, they need to establish capabilities by which new knowledge, skills and competences will be dynamically updated and put into practice (Baets, 2005). They must learn constantly, adapt and improve themselves according to happenings in environment, because success is guaranteed to those who can learn, think, solve problems fast, and to those who can be proactive.

There can be identified some lessons for organizations which want to survive and stay competitive in turbulent times (Bennet, Bennet, 2003, p. 6-7):

- It is important to constantly strive for improvement and to remain open to all needs of customers.
- Not focusing on profitability alone, but balancing efforts to include employee quality of life, community relations, environmental concerns, customer satisfaction, and stakeholder return.
- A strong feeling about core ideology. Each individual in organization has unique values which must be aligned with values of entire organization.
- Relative to their employees, smart companies demand a strong fit with their culture and their standards. Employees either feel that the organization is a great place to work or they are short-term oriented. At the same time these companies are tolerant of individuals with different attitudes who are seeking for new possibilities.

Previous statements can be summarized in conclusion that all organizations no matter if they are profit, nonprofit or public, local or global, physical or virtual, founded in Serbia or in Chicago (Irwin, Cichocki, 2011) can benefit from the design that makes them proactive and learning oriented. We can clearly state that learning organizations strive to transform themselves into "smart" organizations by creating, acquiring, collecting, and transferring knowledge.

Smart organizations have nine basic principles that make them smart. Those principles are intangible and bounded in the philosophy, people, culture, and support systems of the organization (Matheson, Matheson, 1997, 96-98):

- **Value creating culture:** The purpose of smart organization should be maximizing the value which is created for customers and captured by the enterprise.
- **Creating alternatives:** Smart organizations need to make choice among several good alternatives with the aim to choose the best one.
- **Continual learning:** One of the main objectives of smart organization is to constantly learn about how to create more value in the face of change.
- **Embracing uncertainty:** People in smart organization understand how to work with uncertainty. They measure what they do not know and manage the associated risks. They do not deny uncertainty, but recognize it when making decisions.
- **Outside-in strategic perspective:** When making important strategic decisions smart organizations always begin by understanding the broad territory in which the organization operates. The smart organization begins with the big picture where the world is going, how its customers and industry are changing.
- **Systems thinking:** The development and growth of new technologies, products, services, and processes generate changes in the world of customers and competition, which consequently stimulate a chain of competitive reactions, new products and services etc. The smart organizations use systems thinking to understand and evaluate the long-term implications of their decisions.

- **Open information flow:** In a value-creating culture, everyone needs open access to information to do his or her job, especially when they are flooded with ocean of information from environment. The smart organization creates open and virtually unrestricted flow of information to all of its parts.
- **Alignment and empowerment:** Traditional hierarchical, command-and-control structures are too slow for today business environment. On some ways they punish talented people who are striving for participation and purpose in their work. The employees in smart organizations need to be empowered to make decisions, solve problems, generate new ideas, etc. The smart organization uses participation in the decision-making process to achieve the alignment that makes empowerment effective.
- **Disciplined decision making:** The smart organization builds in processes to recognize the need for strategic decisions before it is overtaken by events. It then applies systematic, disciplined processes which involve the right people and their honest commitment to the final decision.

Bearing in mind all nine principles that make one organization smart, the common fact for all of them is knowledge- acquiring, analyzing, utilizing, understanding and sharing the relevant knowledge with the main aim to facilitate making and executing good strategic decisions.

### ***KNOWLEDGE: KEY BUILDING MATERIAL FOR SMART ORGANIZATIONS***

*The only thing that gives an organization a competitive edge - the only thing that is sustainable - is what it knows, how it uses what it knows, and how fast it can know something new!*

*Laurence Prusak, 1996*

The key building material for smart organization is knowledge as a combination of "know-how" and "know why" (Baets, 2005, p. 59). Interest in knowledge as the source of competitive advantage has a long history in economics when Adam Smith noted in his well-known book "The Wealth of Nations" that workers learned from experience, Alfred Marshall highlighted knowledge as productive resource, and Kenneth Arrow stated in his article "Learning by doing" that organization can become better at learning if they transferring what workers know (Ichijo, Nonaka, 2006, p. 5). Beginning in the late 1950s, business professors and economists began to talk about an emerging era in which information and knowledge were becoming increasingly the gold of the new period. By the early 1970s, some of them (Alvin Toffler, Daniel Bell) hypothesized about a post-industrial society, and by the end of the 1980s the phrase information economy, information age, networked economy, information society became popular as titles of articles and books (Cortada, 2000). The term information economy referred to long-term trend toward the expansion of information and knowledge based assets and value, while in the past decades the term digital economy emerged referring to largely unrealized transformation of all sectors of the economy by the computer enabled digitization of information (Brynjolfsson, Kahin, 2000, p. 2).

According to many authors in the field of knowledge management, there exist two types of knowledge: tacit and explicit knowledge. Tacit knowledge can be defined as the knowledge that is hard to encode and communicate, it is personal, context-specific and hard to formalize (Polanyi, 1962; Nonaka, Takeuchi, 1995). Rare knowledge about people, organizations, customers and suppliers are examples of this knowledge. Such knowledge is difficult or impossible to aggregate (Jensen, Meckling, 2009) and it is assembled through experience. On the other hand, explicit knowledge is information that is easily transferable among employees at low cost or is easily observed and analyzed by other employees.

Since the early 1990s the term learning organization has achieved great attention in management literature, psychology and organizational studies (Garavan, 1997). According to Peter Senge, who is considered to be the "father" of learning organizations, learning organizations are those organizations where people continually expand their capacity to create the results they truly desire, where new and expansive patterns of thinking are nurtured, where collective aspiration is set free, and where people are continually learning to see the whole together (Senge, 1990, p. 3). In that sense, Senge identified five dimensions of learning organizations:

- **Systems thinking** toward long-term orientation. Each organization need to establish practices, principles, and essences as the state of being those with high levels of mastery in the relevant discipline.
- **Personal mastery** goes beyond skills and competencies. It refers to clarifying and deepening personal vision, focusing energy, developing patience and empathy.
- **Mental models** are deeply integrated assumptions, generalizations and pictures how we understand the world and how we take action.
- **Building shared vision** involves the skills of unearthing shared pictures, increased clarity, and commitment.
- **Team learning** as process of aligning and developing the capacities of a team to create the results its members truly desire (Senge, 1990, p. 236). People need to be able to act together as a team.

Besides Senge, who is admired for his work on learning organizations, Tisen and coauthors are also important for promoting learning concept in organizations (Tisen, Andriesen, Depre, 2006). The focus of their learning is not just theoretical but practical explanation why knowledge is important, how to manage knowledge in organization, what are the key propositions of knowledge, etc.



Any organization skilled at creating, acquiring, and transferring knowledge and at modifying its behavior to reflect new knowledge and insights is marked as learning organization (Garvin, 1993, p. 80). Some authors stated that learning organizations are those who learn continuously and transform themselves (Watkins, Marsick, 1993). So, it is clear that if learning organizations are successful they are smart organizations. Learning organizations are not easy to build. Each organization must pass some steps in order to become learning organization. The first step is to foster environment which is stimulative for learning. There must be planned time for analysis, strategic plans, invention of new products through brainstorming, creative evaluation of alternatives and other core learning skills (Garvin, 1993). Another important factor is opening of organizational boundaries and freely flows of ideas. Smart organizations have understood best that in today's world is not good to be alone (Ohmae, 1989).

## ORGANIZATIONAL DESIGN OF SMART ORGANIZATION

Since the time of Fredrick Taylor in the early 1920s, people working in the field of organizational design have been developing models to help them think about how organizations work (Irwin, Cichocki, 2011, p. 20). In the previous few decades the most important business development is the achievement of competitive advantage through new approaches of designing organization (Nadler and Tushman, 1999) and application of appropriate model of organizational design. Key characteristic of organizational design models is they are not tangible like buildings but they provide conceptual basis for developing an effective organization design. Some of the models are created by individuals like Jay Galbraith, David Nadler, Marvin Weisbord, Warner Burke, George Litwin, while others are created by consulting firms such as McKinsey (Stanford, 2007, p. 21). Models are important because they can help Chief Executive Officers (CEOs) or other senior executives to describe their organization in a holistic way, bearing in mind all important constructive elements of organization. Redesigning organizations according to environment is also important because any organization is faced with the challenge to get dinosaur syndrome – to become so big and highly adapted to its historical environment which consequently makes it unresponsive to rapidly changing environment (Lawler, Galbraith, 1994). Organizations must avoid this syndrome by constantly redesigning themselves according to environment in which they are operating.

The following table represents key differences between industrial and digital age regarding environment, key organizational assets and characteristics of organizations.

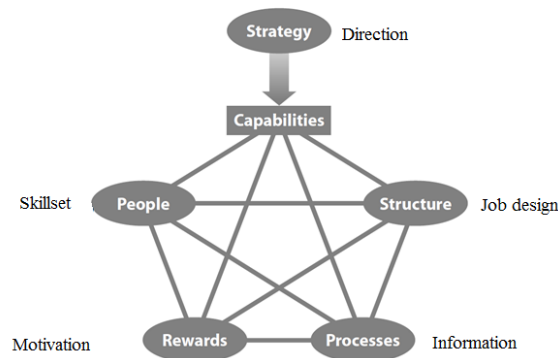
Table 1: Key differences between industrial and digital age characteristics

	<b>Industrial age</b>	<b>Digital age</b>
<b>Environment</b>	Certainty, little change, value based on “law of scarcity”, simple jobs, traditional skills, mass production, simple products and processes.	Uncertainty, highly dynamic, value based on “law of abundance”, complex jobs, e-skills, mass customization, value-added products and processes.
<b>Assets</b>	Tangible	Tangible and intangible
<b>Organizations</b>	Efficient, hierarchical, chain of command and control, authority of position, vertical communication. <i>Values:</i> control, compliance 	Learning, knowledge networking, coordination, authority of competence, concurrent processes, horizontal communication. <i>Values:</i> trust, integrity 

Source: Adapted from Filos, 2006, p. 2

Uncertainty and unpredictability are the main characteristics of digital age, and organizations need to prepare themselves to faced with it. The best way to do that is to become smart.

In order to answer on research questions imposed in this paper, we choose the Galbraith's Star Model to investigate key characteristics of organizational design of smart organization. This model is the closest to the concept of organizational design around which there is a broad agreement in the literature regarding the elements which make organization - strategy, structure, processes, employees, rewards (Petković, Lukić, 2013). The key message of Star Model is when management wants to achieve better performance, they must change all five elements of organization and achieve alignment among them because all elements are in cause and effect relationship.



*Figure 1: Star Model*

*Source: Adapted from Kates and Galbraith, 2007, p. 3*

**Strategy.** Following the Star Model, the first thing that needs to be changed is strategy as the formula for success expressed through organizational capabilities. Strategy must promote dynamic flows of individual knowledge to other people, often using modern information and communication technologies. Cooperative and networking tools benefit organizations in many ways. Some of the most common reasons why smart organizations decide to use information systems for knowledge management are (European Commission, 2004, p. 71):

- To increase creativity, facilitate group problem-solving
- To improve communication, making it faster, clearer, and more persuasive
- To stimulate a corporate spirit
- To enable communication where it would not otherwise be possible
- To bring together multiple perspectives and expertise
- To form groups with common interests where it is not possible to gather sufficient numbers of people face-to-face
- To save time and cost in coordinating group efforts.

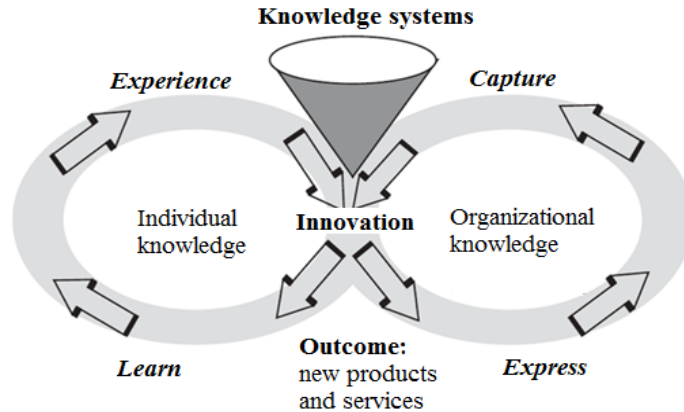


Figure 2: Knowledge Creation Strategy

Source: Adapted from Cortada, 2000, p. 114

Knowledge Management Strategy is becoming very important element of successful organizations. It has important place when solving enterprise problems, enhancing innovation, and providing a basis for integrating technology, organization, leadership and learning (Bixler, 2005, p. 52).

**Structure** of organization determines what it sees and hears, what information is collected and what is communicated (Galbraith, 1997, p. 9). Organizations must abandon traditional structure which is vertical and rigidly hierarchical and establish flatter and more horizontal structures to enhance innovation and speed of strategic actions (Hitt, Keats and DeMarie, 1998, p. 35). Smart organizations are not known for their structure, but for their capabilities: what the smart organization is known for, what it does smart, how it uses smartness to create value.

Decentralization of decision rights is one of the characteristics of smart organizations. Management of organizations needs to be aware that no one knows everything and that in smart organization tremendous amount of knowledge tend to be in heads of many individuals. Friedrich Hayek was an early proponent of the importance of knowledge for organization and colocation of decision-making authority with the knowledge important to those decisions. He argues that:

*„...decisions must be left to the people who are familiar with particular circumstances of time and place, who know directly of the relevant changes and of the resources immediately available to meet them. We cannot expect that this problem will be solved by first communication all this knowledge to a central board which, after integrating all knowledge, issues its orders. We must solve it by some form of decentralization“*  
(Hayek, 1945, p. 524).

**Processes.** The decision making and communication processes in an organization are critical to its ability to react and behave smart. Rigid, hierarchical, selective decisions and information processes tend to produce inefficient business processes which consequently make organization unresponsive. The business processes of an organization need to allow

some experimentation and risk taking. Without experimentation and risk taking is not possible to learn about more effective ways of operating and to develop new products that will lead to transformational changes (Lawler, 2000, p. 19). Smart organizations must design the processes that guide research and development in new and creative way. They must speed up all the processes and operate in real time because it is clear that big companies will not beat small anymore, it will be the fast beating the slow (Rohrbeck, Hölzle, Gemünden, 2009, p. 421).

**Human Resources.** Any modern organization, in today's dynamic and unpredictable business environment, must be focused on its most important resources, and that are employees, their permanent training, specialization, growth and development. Some companies are introducing job position like Chief Knowledge Officer (CKO) with the special role to manage knowledge creation and use. Furthermore, job security is guaranteed to those who know how to do, what they can learn to do, and how well they can access knowledge through collaboration with others because work changes constantly (Allee, 1997, p. 4). Employees must ask themselves each day what they need to learn, how their capabilities need to evolve, what new capabilities they need to develop, and what they need to do better and faster in order to create value for whole organization.

The very important difference regarding learning of employees in organization is known as single and double loop learning (Morgan, 2006). When members of the organization respond to changes in the internal and external environments of the organization by detecting errors which they then correct so as to maintain the central features of organizational theory-in-use there is single-loop learning (Argyris, Schon, 1978, p. 18). On the other hand, double-loop learning is the situation in which members of the organization carry out a collaborative inquiry through which they discover sources of error, invent new strategies designed to correct error, produce those strategies and evaluate and generalize the results (Argyris, Schon, 1978, p. 22).

Very important condition for building smart organization is leadership. Leaders of smart organizations must (Bixler, 2005, p. 57):

1. Provide knowledge distribution for problem solving and improved performance. It is important to distribute knowledge effectively to the knowledge workers who need it to solve problems and enhance performance throughout the entire organization.
2. Enhance innovation. Enable the communication in order to generate new knowledge and innovation to support the development of new products/processes. Leaders especially should encourage thinking which is "outside of the box".
3. Provide opportunities for continuous improvement. Produce the methods and enterprise culture for product/process continuous improvement and quality.
4. Provide the knowledge database for legacy enterprise knowledge. Protect and archive critical knowledge for future use and prevent the loss of this critical information (i.e. knowledge worker attrition and turnover).

**Rewards.** Reward systems must be aligned with other elements of organizational design in order to pursue suitable behavior of employees. It should stimulate value creation and generation of new ideas and knowledge. Instead of traditional rewarding people for moving up the hierarchy, the smart organization rewards them for increasing their skills, knowledge, expertise, and for developing themselves. Beside financial



rewards (salary, bonuses, benefits, etc.) for employees in smart organization are important nonmaterial rewards (job design, enlargement, enrichment, empowerment, participation in decision making, problem solving, generation of new ideas, flexible working time, feedback, and organizational culture).

Alignment of all listed elements of organizational design is very important principle of Star Model which consequently results in organizational effectiveness and high performance (Lawler, 2000).

## ***LEARNING AND DEVELOPMENT OF EMPLOYEES IN SMART ORGANIZATIONS***

Learning and development of employees are very important in acquiring and generation of new knowledge and skills necessary to build smart organization. By reviewing the literature it can be found different types of learning (O'Connor, Bronner, and Delaney, 2007): 1) **strategic learning** refers to plans regarding long term organizational goals and objectives such as development of new products, services, expanding into global market, etc.; 2) **informational learning** provides the workforce with information about the organization. An employee who knows and understands the organization and who works for a manager who communicates the rationale for directions and policies is an employee who is more likely to be able to contribute to a learning organization; and 3) **operational learning** provides the information necessary to conduct day to day activities, and directly relates to an employee's job. This kind of learning follows strategic and informational training, rather than the other way around. Increasingly, many job tasks cannot be done well unless the employee already has the necessary strategic and informational knowledge and skills.

Leaders are aware that employees nowadays represent business asset, and if they invest in them on strategic way, organization will benefit on their basis (Sarvadi, 2005). Organizational support on the learning intentions of employees refers to their belief about how much the organization values their contribution and cares about their well-being. It consists of three key elements: organizational rewards and working conditions, support received from supervisors, and procedural justice (Kyndt et al., 2013, p. 320).

*Table 2: Examples of Development Activities of Employees*

<b>ACTIVITY</b>
Participating in non-job related courses and career planning; Participating in job-related courses or programs to enhance job performance; Volunteering for a challenging and interesting community project unrelated to job or organizationally valued competencies; Moving into an undesired but challenging and important role under a current supervisor; Serving on a task force addressing a challenging/difficult issue in which the employee will be absent from the department for a time, costing the supervisor in terms of department productivity; Employee who intends to leave the organization develops a nonportable skill/knowledge specific to the current organization in order to help a current supervisor or the organization.

*Source: Adapted from Maurer, Pierce and Shore, 2002, p. 435*

Capability of employees to create knowledge represents a potential source of competitive advantage for smart organizations. Modern managers have developed several steps to stimulate employee learning and development (Valcour, 2014):

1. Sharing information about important activities, vision and mission of the company across the entire organization. Each employee should be aware how its activities are going to help organization to achieve its goals.
2. Development of internal social networks for communication of employees, organizing a short term meetings regarding employees career and interests. Consequently that can help to build commitment and loyalty from employees.
3. Clearly ask employees what they want to learn and on which way they want to be incorporated in on the job learning.
4. Frequently reports from employees about their learning achievements and attitudes about how they are using learned skills and knowledge.

In the process of selection of employees it is important to acquire candidates with great potential and wish to learn and develop new knowledge and skills. Management of organizations should stimulate learning and development of employees through many activities which must be accompanied not just with financial resources but also with organizational restructuring.

## ***CONCLUSION***

Being smart and acting smart may be the best determinants and core competencies for business success in digital economy (Matheson, Matheson, 1997, p. 1), and successful leaders are aware that building smart organization may be the only guaranty for survival in unpredictable and dynamic environment. Knowledge has become the main engine of change, and smart organizations focus their activities on the acquisition and improvement of new knowledge and skills, generation and flow of new information, fostering team culture and team learning (Lazarević, 2014). In that sense, all elements of organizational design should be designed in order to promote creation, acquisition, transfer and effective use of knowledge. Using Galbraith's Star Model we identified all necessary changes in strategy, structure, processes, employees and rewards that organizations need to pursue in order to become smart.

Stimulative culture for value creation, evaluation of many alternatives and selection the best one, continuous learning, system thinking, open information flow, alignment and empowerment of employees, timely and proactive decision making with outside-in strategic perspective are the basic principles that make one organization smart. Regarding the structure of smart organization, it needs to be flatter and horizontal with decentralized authority for decision making to those individuals who have relevant experience and knowledge. Continuous learning, specialization, growth and development of employees are very important constructive elements of learning organizations. They are needed, but not necessary elements for building organization which is smart. Only those learning organizations which effectively use their learning abilities and create value on their basis are smart organizations.

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## ***EMPLOYMENT IN THE REPUBLIC OF SERBIA-CRITICAL REVIEW***

*Aleksandar Gajic PhD*<sup>33</sup>

*Radica Pavlovic PhD*<sup>34</sup>

### ***ABSTRACT***

*Foreign capital cannot, nor is in its the interest, to develop the countries importing foreign capital because it focuses on resources and those areas where there is interest (profit), manifested particularly in the exploitation of cheap manpower and "abuse" of the high unemployment rate. The fall in employment leads to a drop in purchasing power, which has negative consequences for demand of domestic products, which are uncompetitive by price and quality, falling level of utilization of local capacity, further layoffs and so to enter the vicious cycle that leads to undeveloped domestic economy. Given the above, the paper's special attention will be paid to employment and employment policy in the Republic of Serbia, considering the high level of long-standing decline in employment, the causes of which it is conditioned, and give recommendations if any course of action in economic policy in the field of employment and the regulation thereof in the imperative norms.*

***Key words:*** *Employment, Employing, Policy*

***JEL Classification:*** *E24*

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<sup>33</sup>Aleksandar Gajic, Higher business school of vocational studies "Radomir Bojkovic PhD" Krusevac, aleksandarm.gajic@open.telekom.rs

<sup>34</sup>Radica Pavlovic, Fakultet za menadžment, Zaječar, rpavlovic@megatrend.edu.rs

## ***INTRODUCTION***

The transition as a result had a large social costs - increased poverty, increased unemployment, increased inequality, deterioration of public services and the polarization of their delivery, crime, increase of corruption and armed conflicts (Ellman, 2000, pp.125-140).

The current world economic crisis, accompanied (and caused) by the liberalization and deregulation of the market, followed by rising unemployment and slower growth or its complete absence, as well as conditionally speaking the withering away of the middle class, belongs into one of the main features of today's (economic) world (Bukvić, Pavlović , 2014, pp.2).

The trend of average earnings per employee in the Republic of Serbia is negative in realistic amounts. These trends have negative impact on the purchasing power of the population which due to these activities the focus of its activities directs to consumption at the expense of savings, which under the influence of cumulative unemployment, unrealistic exchange rate and inflation represents a limiting factor of production growth as the main driving force in raising the level of employment.

This is supported by the fact that the remarkable progress of technology in recent decades did not go in the direction of facilitating and improving the quality of life of the working population, but has already resulted in an increase in unemployment, on the one hand, and even more by increasing financial power "modern elites", on the other, which led to even greater deepening the gap between the small number of wealthy people and the vast majority of the poor, all this accompanied by a weakening of the middle class in developed, as well as its disappearance in developing countries (Bukvić, Pavlović, op.cit) which results to a considerable extent in our country.

## ***TRENDS IN THE NUMBER OF EMPLOYED IN THE REPUBLIC OF SERBIA***

Employment is an important factor of production. The level of employment depends on the extent to which will be made exploitation of natural resources of the national economy. From these two factors (labor and exploitation) to a great extent is determined the level of development of the domestic economy. Also, whether the employment rate, as one of the important determinants of economic growth, will be at a satisfactory level, largely depends on macroeconomic policy. It is therefore important to look at the level of employment through the analysis of changes in the number of employees (Table 1).

*Table 1: Average number of the employed in Republic of Serbia (2000-2013)*

Year	In mill.	Growth indices	
		Chain indices	Baze indices
2000	2.097	100,00	100,00
2001	2.102	100,24	100,24
2002	2.067	98,33	98,57
2003	2.041	98,74	97,32
2004	2.051	100,49	97,80
2005	2.069	100,88	98,66
2006	2.062	87,92	96,61
2007	2.002	98,82	95,47
2008	1.999	99,85	95,33
2009	1.889	94,50	90,08
2010	1.796	95,08	85,65
2011	1.746	97,22	83,27
2012	1.727	98,91	82,36

*Source: Basic macroeconomic indicators, Ministry of finance, Republic of Serbia (08.03.2015.); Municipalities in Serbia in 2001, The Republic Institute of Informatics and Statistics, The Republic of Serbia (08.03.2015.); Author's calculations.*

Note: Data are taken for the period 2000-2013. which makes a representative time series of data to draw proper conclusions. Some data are either not completely available or there are different data for variables that are subject to analysis. For representativity and validity of the research, data was taken that is identical per year and which correspond to the real situation. The adequacy of the procedure for all the analyzed elements was put up to 2013 year, because of the representativity of the processed data and making more objective judgment about the state of the employment trends in the reporting period. This is due to the Serbian public documents either not completely include all data or there are various sources in which different data appears for observed parameters, which largely presents a problem in terms of reliability, continuity and the development of certain economic indicators by year.

In the analyzed period the number of employees has decreased by 18.21% in 2013 compared to the 2000 year. During the observed period, employment recorded a negative growth rate with the exception of the 2001, 2004, and 2005 when stagnates.

The causes of the decrease in employment are the consequences of the monetary and foreign exchange policies where the appreciation of the dinar stimulates imports whereby the domestic production is less competitive in the domestic and international markets, economic development is not based on the exploitation of their own natural resources and its own technological developments but on the foreign investments that cannot achieve the growth in the Republic of Serbia. This does not mean that we should not attract foreign capital or development should be based on its own resources that have a competitive advantage compared to other countries, respectively to develop domestic production in propulsive branches, the so-called poles of growth and thus create the basis for further growth and development. Unfortunately, in Serbia was not the case because the focus was on the development of tertiary services that do not create the added value, so is safe to say

that the economy in the Republic of Serbia by economic policy makers was created "superstructure" without having created bases for superstructure which has negative connotations on employment, employment policies and the exploitation of the labor force.

On the other hand, it is believed that foreign investment will develop the local economy but the practice of countries in transition as well as empirical research shows that foreign investment is not a magic cure for economic growth, so even more between them there is a negative relationship (Dušanić (a), 2012 , pp.40-41).

### ***ANALYSIS OF EMPLOYMENT AND PURCHASING POWER IN THE REPUBLIC OF SERBIA***

On the basis of the Law on Labor in the Republic of Serbia gross earnings includes earnings with taxes and contributions from salaries earned by the employee for the carried out work and the time spent at work including increase in pay, fee of earnings and other earnings. Given that taxes and contributions, which are included in the gross income do not represent a part of disposable income, in the analysis will be considered net earnings ie. earnings without taxes and contributions in order to comprehend the potential purchasing power of the employed population.

Employment of population through earnings represent the main source of purchasing power and thus represents a generator of aggregate demand. The purchasing power of the employed population has been determined for the most part based on the amount of earnings and price levels. Therefore, it is very important to analyze the movement of wages and the general price level in order to establish the real purchasing power on the basis of earnings (Stamenković, Pavlović, 2011, pp.207), or purchasing power, bearing in mind that due to the Global Economic Crisis reduced other elements of purchasing power (remittances, foreign exchange and other reserves of the population are largely exhausted and under the effect of high interest rates population and economy are in a high degree of indebtedness). Table 1 contains the the considered number of employees. The following table will show the average net wage and price growth index (Table 2) in order to further determine the effect of inflation on the purchasing power.

*Table 2: Employment and net salary in Republic of S3rbia (2000-2013)*

Year	Average net salary in RSD	Price growth index (inflation)	
		Chain	Cumulative
2000	2.389	100,00	100,00
2001	5.375	191,80	191,80
2002	9.208	119,50	229,20
2003	11.500	111,70	256,00
2004	14.108	110,10	281,90
2005	17.443	116,50	328,40
2006	21.707	112,70	370,10
2007	27.759	106,80	395,30
2008	32.746	110,90	438,30
2009	31.733	110,10	482,60



2010	34.142	108,60	524,10
2011	37.976	111,00	581,80
2012	41.377	107,80	627,20
2013	43.948	107,80	676,10

*Source: Statistical Bulletin, January 2014, National Bank of Serbia; Statistical Yearbook of the Republic of Serbia, The Republic Institute of Statistics; Author's calculations.*

In the period from 2000 to 2013. year while employment has been steadily dropping, the average net wage nominally recorded a constant increase resulting mainly rising prices (inflation). Nominally, the net earnings of employees in 2013 are increased by a whopping 576.1% compared to the 2000 year. In the following part of the article the focus will be on the purchasing power of employees that is based on the number of employees and net earnings.

### **PURCHASING POWER OF POPULATION IN THE REPUBLIC OF SERBIA**

In order to overview the real purchasing power on the basis of net income it is necessary to analyze the impact of inflation and the rate of employment in nominal sizes that determine the purchasing power in order to obtain real parameters, acquired the real performance of the real purchasing power and performance of their conclusions on the basis of cause-effect and give suggestions for the possible solutions for the rehabilitation of the consequences (Table 3 and Table 4).

*Table 3: Purchasing power of employment in Republic of Serbia (2000-2013) in mill. RSD*

Year	Purchasing power of employees	
	Nominal net salary	Real net salary
2000	60.120	60.120
2001	135.576	70.686
2002	228.396	99.649
2003	281.658	110.023
2004	347.226	123.173
2005	433.075	131.874
2006	527.741	142.594
2007	666.882	168.703
2008	785.511	179.218
2009	719.324	149.052
2010	735.828	140.398
2011	795.673	136.761
2012	857.497	136.718
2013	904.450	133.775

*Source:Autors*

*Table 4: The growth index of the purchasing power of employees in the Republic of Serbia (2000-2013)*

Year	Nominal		Real	
	chain	cumulative	chain	cumulative
2000	100,00	100,00	100,00	100,00
2001	225,51	225,51	117,58	117,58
2002	168,46	379,89	140,96	165,74
2003	123,32	468,49	110,42	183,01
2004	123,28	577,55	111,95	204,88
2005	124,72	720,32	107,06	219,39
2006	121,86	877,78	108,13	237,18
2007	126,37	1.109,25	118,31	280,61
2008	117,78	1.306,59	106,24	298,12
2009	91,57	1.196,44	83,17	247,94
2010	102,29	1.223,84	94,20	233,56
2011	108,13	1.323,34	97,41	227,51
2012	107,77	1.426,16	99,96	227,42
2013	105,48	1.504,31	97,85	222,53

*Source: Prepared by authors*

Purchasing power from 2001 to 2008. year recorded a real positive growth rate. From 2009 to 2013. the growth rates are negative. Positive growth rates of purchasing power were realized in the period when was conducted massive sales of domestic enterprises.

Purchasing power of employees in 2013 was nominally higher in comparison with 2000 to 1404.31%, and really higher by 122.53%. The high nominal growth is the result of high inflation in 2001 and 2002. The illustrated data clearly show the facts of employment in our country. With the comparison of nominal and real data is obtained an insight into the real image and the dramatic situation of this issue in our country that are unfortunately in public opinion not mentioned anywhere. Perhaps it is sufficient only the fact that the real wage in the Republic of Serbia almost 7 times lower than the nominal which is presented to the public.

Highly developed countries-imperialist forces, with the level of high technological development impose neoliberal concept of the rest of the world and also exploit resources and cheap labor force of underdeveloped countries that is embodied in the Washington Consensus, and thus increase the de-industrialization, poverty and crisis. Foreign capital cannot, nor it is in the interest of developing countries importing foreign capital because it focuses on resources and those areas where there is interest (profit), manifested particularly in the exploitation of cheap labor force and "abuse" of the high unemployment rate. The Serbian economy continues to live its misfortune, between the hammer of high interest rates and the anvil orthodox budget policy. It's neither hardening, nor forging, or shaping - it is killing the economy (Katić, 2012).

The main points of the neoliberal phenomenon include (Martinez, Garcia, 2007): the exemption of private companies of any state restrictions imposed by the state, regardless of the social damage; greater freedom for international trade and investment; reduction of

wages and the elimination of workers' rights acquired after many years fight; abolition of price controls; total freedom of movement of capital, goods and services; reduction in public spendings on social services such as education and health services; reduction of aid for the poor layers of population, and even a reduction of costs for maintenance of roads, bridges and water supply, all in the name of the reduction of the role of government; reducing government regulation of all the elements that could reduce profits, including the protection of the environment; sale of state-owned enterprises to private investors, including banks, key industrial facilities, railways, highways, electricity producers, schools, hospitals, and even drinking water; elimination of the concept of "public goods" and "common interest", replacing them with the phrase of "individual responsibility". The economic policies of developing countries that were based on these principles, gave disastrous results (Kovačević, 2012). The doctrine of the free market is imposed to all countries, especially developing countries and transition (Horvat, 2004, pp.299), although it is very limited, given that many countries have virtually turned over management of its economic policy in the hands of international financial institutions, notably IMF, and they here carry out, or impose, policies based on neoliberal dogmas and utopias (Rajnert, 2010/2009, pp. 172).

Economic depression in the East was contributed by the measures in the field of liberalization of imports, while proclaiming the convertibility of the local currency. "Hardly it is theoretically possible any efficient solution for undermining domestic production apparatus than the combination of full liberalization of imports and the proclamation of the convertibility of the local currency in economies that otherwise were not to appropriate extent competitive in the world market". In the former socialist economies occurred a general scramble for western products. Already exhausted, domestic demand spent its purchasing power on foreign products. Domestic production has remained without a demand. This caused the closure of many factories and a surge in unemployment (Bogavac-Cvetković, Stojanović, Pavlović, 2012, pp.113).

The massive bankruptcy of enterprises, huge unemployment, social stratification of society, poverty and misery in many countries, largely were conditioned by the conservative direction in economic policy, which is in a function of big financial capital of developed economies and the way to the neo-colonial position of the largest number of developing countries. Request for quick opening of the economy towards external competition, premature liberalization, even the capital markets, led to global instability, recession, unemployment, the explosion of foreign indebtedness and the destruction of domestic production (Horvat, 2004, pp.298). The experience of all countries (especially post-socialist European and Latin American countries) in which the IMF has so far had a decisive role in the conduct of economic policy, show that such a (neo-liberal) policies of their economy have led to the brink of economic collapse and so far has not been recorded a case of any State in which the "help" of the IMF was of use (Dušanić (b), 2012).

It follows that the authors of neoliberal policies have acted in favor of highly developed countries, primarily in favor of big capital owners. A true face of huge capital is represented by multinational companies (Salt, 2010).

## ***EMPLOYMENT IN SERBIA AND EMPLOYMENT POLICY- CRITICAL REVIEW***

Purchasing power in the Republic of Serbia is at a low level and the same cannot provide the growth of the economy since the purpose of public consumption is far outweigh than the possibility of providing income from the purchasing power of employees. In consequence of the low level of purchasing power public debt each year is growing (both internal and external). The undertaken so-called unpopular austerity measures by themselves cannot solve the problem of the budget deficit, public debt and economic growth. In addition to the austerity measures are necessary the public capital investment. Inflow estimations on all bases (privatization, foreign direct investment, foreign remittances) vary, and range from several tens of billions of dollars, usually of 30, and even up to 70 billion, and only for the period since 2000. This enormous influx of funds, however, has not been used for production, not even to improve (tragically) decaying infrastructure, already spilled over into consumption, of course, from imported since the domestic production is in the state as it is (Bukvić et al., 2011, pp. 139-174).

The increase in public debt with the aim of investing in capital investment would have a positive effect because it would result in a higher employment rate, increasing purchasing power and GDP. Conversely, an increase in public debt in our country for the sake of public spending has only negative consequences.

In addition to specified, it should be pointed out that employment policies in the Republic of Serbia did not go according to basic economic fundamentals. This is corroborated by the research conducted in 2010 year where according to data from the Labor Force Survey of the total number of employed persons, them 5.2% are with vocation of legislators, officials and managers of which is with secondary education 49% as represents a very high percentage in particular if one takes into account that this number accounts for half of employees in managerial and responsible positions and that is higher than the number of employees with higher education. The situation is even more dramatic if one considers the number of employees in these positions who have a primary school and uncompleted primary school education. Although the percentage of this category of qualification is simply unacceptable that in modern and complex business conditions, which require a range of multi-disciplinary knowledge, that people with inadequate levels of education perform a range of leadership and responsibility. Cumulatively observed, the total number of employees in managerial and responsible positions without higher education makes 65.78%, which is a very high percentage. (Pavlović et al., 2012, pp. 329).

It should also be taken into account that in many companies and institutions in managerial positions are employed, as already pointed out, people without higher education while in those same companies there are highly educated people who work on the so-called. ordinary administrative tasks. In addition, the very people who are employed in these high-level positions functions are the ones who will make decisions about future employment in companies in which they work, so the question is whether they, without adequate education, have fair and adequate criteria in the recruitment, selection and recruitment of new people. These data clearly illustrate the situational picture of management in Serbia which in all significant issues is reflected on the business enterprises and in the state of the economy of Serbia (Pavlović, Pavlović,

Stamenković, 2012, pp.51). Powerful headquarters of the "financial experts" their expertise and power of their actions direct at handling of money and consideration of surplus of employees (Tešić, 2009) without taking into account that the "reflection of the human factor in the global economy must take into account, that in the capitalism of knowledge, knowledge and skills are the only sources of sustainable and long-term competitive advantages of corporations, and people need to be understood and be treated as beings with thoughts, capable to produce and improve their life in historically concrete expanse of life, thanks to their life force (Grigoriev, SI, 2006), ". Therefore, the true intellectuals of this country, and there are too many, discouraged leave the battle and the most important positions in the administration and elsewhere usually take mediocre, even people with no value (Rice, AR, 1997, p. 29).

According to Professor Mark Sekulović if we consider the economic implications then with plenty of grounds can be said that the economic policies emphasize the income distribution than its increase and uncritically are taken over by models of monetarist and neo-liberal tradition (Sekulović, 2004, pp.139).

Thus, foreign capital cannot, nor is in its interest to develop countries importing foreign capital because it focuses on resources and those areas where there is interest (profit), manifested particularly in the exploitation of cheap labor and "abuse" the high unemployment rate. Foreign capital entering into a country is only an oasis in the vast desert. Oases cannot "irrigate" the desert and that it becomes fertile land. In this regard, is an imperative to find ways in the sphere of economic policy that will optimally set the right environmental conditions in terms of employment and employment policy in the Republic of Serbia, followed by constant decline, to remove or minimize the causes of which it is conditioned, and/or possibly replace the existing dogma in the field of employment because employment decline leads to a drop in purchasing power of the name of consequences on the demand of domestic products, which are uncompetitive by price and quality, falling level of utilization of local capacity, further layoffs and so to entering into a vicious circle leading to underdevelopment domestic economy. These indicators do not provide "cover even of purple robes nor gray frocks ... because the dominating politics is fury of private interests" (Marx, 1971, pp. 18-19), where prevails the exorcism: the question of injustice, injustice, inequality, ethics ... as well as the so-called. coercion argument according to which the employee does not work 14 hours and not realize a certain quota will get fired by the manager or owner. This clearly indicates the high use of manpower in Serbia, where employees become cheap labor force, so it is no wonder that foreign capital, among other things overflow into our country. However, according to the book of Professor Danilo Ž. Marković is believed that due to high unemployment there is something worse than exploitation and that is when man is no longer for exploitation, the paradox of modern civilization (Marković, 2010, pp.82).

Our economic policy has no possibilities to harmonize equity, the need for employment, knowledge and the need for educated people for such jobs. "Such an economic system represents a catastrophic failure, although a small circle of privileged praise as a great success or triumph" (Chomsky, 1998, pp. 276).

The low level of savings and investment and high consumption, which has enabled the sale of state assets and the additional borrowing abroad, a low level of employment (instead of working steadily reducing the number of employees), the lack of fundamental restructuring of the economy (limited mainly to the dismissal of workers) and ineffective corporate governance (party frame and large discretionary rights which

are accompanied by corruption, partnership, nepotism, etc.) are expected to disable sustainable dynamic economic growth and lead to disastrous consequences and the collapse of the Serbian economy (Dušanić (a), 2012, pp. 33). „Even if the global economic crisis did not happen, Serbia due to inherited mortgages in the last decade of the twentieth century, and the wrong model of development that is applied from two thousand – would be before or later inevitably confronted with the negative consequences of bad management in the past decade. The growth of Serbian GDP was based on a very dynamic growth of services and the development of the real sector (industry and agriculture) was completely neglected. The key momentum of growth provided an huge import, which was funded by inflow of foreign capital and privatization revenues. The decades of the application of such a model of development has led to a deformation of the economic structure and almost unbearable level of deficit of foreign trade and balance of payments, as well as total external debt "(Savić, Bošković, 2011, p.87).

Bearing in mind the exposure raises the question whether this is economically or perhaps ideological discourse, or both, as well as the extent to which economic science and economic experts have the opportunity or desire to respect the fundamental economic postulates.

### ***INSTEAD OF A CONCLUSION***

Based on so far exposure, an employment and living standard in the Republic of Serbia is extremely low. The cause of this situation is a perennial bad economic policy conducted by the Government of the Republic of Serbia. The privatization was carried out for sale of companies and privatization funds are not used for capital investment but as a budget revenue for the current public spending.

Bearing in mind the low employment and low purchasing power of employees, in order to overcome the current situation it is necessary to focus on macroeconomic policy:

1. Monetary and currency policies in the direction of reducing the real exchange rate of the Serbian dinar against foreign convertible currency. This would have the aim of reaching the real competitiveness of domestic products and services in domestic and foreign markets, which would substantially motivated domestic production and thereby increase employment, standard of living and purchasing power of the population. Bearing in mind that the appreciation of the domestic currency last fifteen years, this process would be long-term because the current policy created high indebtedness of companies and citizens in the banking sector. If these measures in the short term debts to rapidly grew in nominal terms as businesses and citizens could not stand it. Given the above it can be concluded that it is necessary for the determination of the real exchange policy, which would be of long character, taking into account the reduction in the purchasing power of citizens and their large debt with a currency clause which represents a double-edged sword of economic policy makers: raising of competitiveness or liquid of collapse.

2. Monetary policy to reduce the high bank rates on loans and create conditions for the investment activity of domestic companies. In the current state of the high rate of bank possibility of investment activity is minimal or nonexistent.
3. Fiscal policy should be focused on strategic development based on the exploitation of natural resources, where the domestic economy has a comparative advantage in the global market. These include the development of agriculture, energy and transport. In agricultural activities emphasis should be placed on building the irrigation system that would include the entire territory of the Republic of Serbia where there are river flows. This would result in the development of primary agricultural production, food industry and the chemical industry (fertilizers, etc.).

This does not exclude partial resolution of other problems in the economy and the development of other industries that by inertia would be evolved by itself.

4. Avoid unfair competition - import of agricultural products at dumped prices.
5. It is necessary to reorganize the labor legislation that current standards allow the exploitation of workers, through the employer's freedom to determine the terms of work, wages, working hours, layoffs, defines a low minimum wage without taking into account the level of the consumer price index and other living expenses. Also, previous imperative norms of the employment was constructed in a way that corresponds to the entry of foreign capital, which has a significant cost savings in terms of cheap labor force. In addition, it is necessary to examine the ratio of the number of employees in the public and private sectors as well as the ratio of net wages in both sectors. The data are illustrated showing the summary of the average wage, but was not taken into account that the relationship between the private and the public sector so we can ask the question whether public data show an even distribution when applying the methodology for calculating the average earnings at the country level.

It should be noted that many economists believe that high unemployment or high level of employment reduction is the greater evil than inflation, and as a necessity is imposed the regulation of employment and wage levels through legal imperative norms, and the establishment of fair employment policies.

All this is aimed at achieving economic growth and development, increase employment and purchasing power. One gets the impression that the authors of neoliberal policies created the same in favor of highly developed countries, primarily in favor of big capital owners, which caused the disappearance of the middle class and the gap between rich and poor is increasingly deepened. In the end one can ask a question what is really the value in today's world?

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## **COMPARATIVE ANALYSIS OF WORK MOTIVATION – WHAT MOTIVATES CURRENT AND WHAT FUTURE EMPLOYEES?**

*Vlatka Ruzic PhD*<sup>35</sup>

*Mirela Spehar*<sup>36</sup>

### **ABSTRACT**

*One of the key factors of human resource management as well as a factor of successful business is employee motivation; motivation is the main reason for good or bad performance of each work task in the overall operations of the company. The assumption is that if employees are motivated to work and satisfied with their work environment, that the client / customer / guest will also be satisfied, and the company will operate positively. Motivation is among the key factors of successful business and a great number of researches try to determine which form of motivation produces the best results. Although there are numerous studies that have identified factors of employee motivation, as well as the scale of validity for employees (which shows a variable trend due to the influence of various factors), this paper examines how high is the difference between the factors of motivation among current employees and those who are just about to enter the work market (students)- on a sample of students of the Polytechnic "Nikola Tesla" in Gospić, Croatia. The aim of the paper is to determine what are the differences and expectations in motivational factors for each of the group analysed; the methodology used for the preparation of this work includes a method of interviews, analysis and synthesis as well as the method of description.*

**Key words:** *Motivation Factors, Employees, Students*

**JEL Classification:** *J21*

**UDC:** *331.101.3*

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<sup>35</sup>Vlatka Ruzic, Polytechnic Nikola Tesla in Gospić, Gospić, Republic of Croatia, vlatka.ruzic@gmail.com

<sup>36</sup>Mirela Spehar, Polytechnic Nikola Tesla in Gospić, Gospić, Republic of Croatia

## ***INTRODUCTION***

The term *motivation* derives from the Latin word for movement (*movere*), but different authors define it differently; Atkinson (1964:2) defines motivation as „the contemporary (immediate) influence on direction, vigor and persistence of action“; Vroom (1964:6) defines it as „, a process governing choice made by persons...among alternative forms of voluntary activity“, while Campbell and Pritchard (1976:63-130) define motivation as „set of independent/dependent variable relationships that explain the direction, amplitude and persistence of an individual’s behaviour, skill and understanding of the task, and the constraints operating in the environment“.

The earliest approaches to understanding human motivation date from the time of the Greek philosophers and focus on the concept of hedonism as a principle driving force in behaviour. By the 1950s, several new models of work motivation emerged ( so called *content theories*), since their principal aim was to identify factors associated with motivation - Maslow’s need hierarchy theory (1954), Alderfer (1972) who adapted Maslow’s model, Murray (1938), McClelland (1961,1971). While Maslow and Mc Clelland and their colleagues focused on the role of individual differences in motivation, Herzberg (1966; Herzberg, Mausner&Sinderman, 1959) sought to understand how work activities and the nature of one’s job influence motivation and performance (Steers et al., 2004:379-383).

Beginning in the mid 1960a, a new approach to the study of work motivation emerged, which focused on delineating the process underlying work motivation. Many of the ideas emerged from the 1960s and 1970s have subsequently been extended and further developed to reflect an expanded pool of research findings; the 1980s witnessed a series of extensions of existing theories. (Steers et al., 2004, p.383). By the 1990s intellectual interest in work motivation theory seemed to decline precipitously (judging by the declining number of theoretical articles published in leading science journals (e.g. Ambrose, Kulik, 1999, or Mitchell, Daniels, 2002). While theoretical developments on work motivation may declined, the world is changing dramatically; past decades have witnessed great workplace changes; the workforce is characterised by increased diversity with highly divergent needs and demands (Steers et al., 2004,p.383). The notion of hierarchy and traditional power distribution are being redefined.

## ***MOTIVATION VS SATISFACTION***

Motivation is one of the techniques in the management of human resource, used to achieve the goals of the company; which motivation technique will be applied depends on the manager’s decision based on the relevant assessment methods to motivate in order to achieve the greatest effect, to satisfy employees, and to achieve organizational goals. In order to do so, manager has to define organizational goals and reward system, which understands a good knowledge and competence of the management of people (Human Resources Management) through motivation. Motives for work can be divided into extrinsic (external) including, for example, wages or working conditions

and intrinsic (internal), such are for example education and advancement. In order to achieve the average productivity, manager has to first ensure the fulfillment of extrinsic motives, then include intrinsic factors to achieve greater motivation and above-average productivity. Great number of employers believe that employee motivation involves efforts to keep employees happy and satisfied, which is not totally correct, because motivation is derived from the work that a person does, while work satisfaction is derived from the environment and conditions in which someone works ([http://ritacasey.com/motivate\\_employees.htm](http://ritacasey.com/motivate_employees.htm)). The difference between employee`s motivation and satisfaction factors is shown below:

*Table 1: Employee`s motivation and satisfaction factors*

Motivation factors	Satisfaction factors
Achievements; the ability of expression; meaningful work	Mutual business relations
Recognition for a job well done	Corporate Culture
An interesting and challenging job	Status
Opportunities for learning and advancement	Pay
Responsibility	Job security and benefits
Competitiveness	Supervision

*Source: [http://ritacasey.com/motivate\\_employees.htm](http://ritacasey.com/motivate_employees.htm),02.03.2015.*

However, there is a strong positive correlation between the motivation and job satisfaction of the employees and the functional relationship between them also indicates that the value of motivation increases with increase in the value of job satisfaction and vice-versa. (Singh, Tivari, 2011,p.37).

## ***MEASURING MOTIVATION***

Measuring motivation is one of the most complex and difficult problems, as is the human behavior is very complex. In order to still allow it, in psychology certain rules have been developed, of which the most important are those that talk about the choice of indirect way of measuring motivation and application of design techniques. On this basis, different approaches to measuring motivation are developed, and as a consequence different techniques, instruments and indicators were made as follows:

Deep psychological techniques are projective techniques whose essence is that the respondent structured or interpret certain material which is sufficiently structured. Some of the deep psychological techniques are: in-depth interviews, thematic appreciation test, the test of unfinished sentences, word association, Roschachov stain test, a check-list of properties, visualization tests, test Rozenzweigov frustration or semantic differential;

Indirect techniques assume that greater motivation to work has resulted in increased operating results, and therefore to measure motivation to work means to

measure the level of performance. If workers work on the standard, then the execution of the norms to be a measure of performance levels, and through it a measure of motivation to work. Failure standards require that examines the factors influence how they are on the job and work environment, and those on the side of the perpetrator. For the expression of group and collective performance are used other indicators, which relate to the production volume, product quality, entry capacity utilization, energy savings, realization of production deadlines and more. The use of indirect measurement techniques of motivation is usually limited to the evaluation of the measures taken, and not to set up such measures. Therefore, it is used to complement in-depth psychological technique that is used as a basic;

Psychological techniques, based on self-description, are most significant in terms of practical measurement of motivation. Indirect collecting data on experiential amenities oral or written communication between examiners and examinees come to the appropriate material as the basis for measuring the motivation to work. There are three psychological techniques based on ascription, such as interviews, questionnaires or survey techniques and techniques of scaling.

### ***WHAT MOTIVATES WORKERS IN CROATIA?***

A Gallup survey of global labor conditions (State of the Global Workplace) showed that Croatia (among the 15 countries of Central and Eastern Europe) has the lowest proportion of employees who participate actively in the work, only 3 percent. Even 32 percent of employees at work is "actively disengaged", which is one of the larger share of the observed area. Institute for the development of business management (IMD) in Lausanne, who investigated the ability of 60 countries to develop, attract and retain talented people in companies, has located Croatia on the rear ranking list, on its 58th place (<http://www.gallup.com/poll/165269/worldwide-employees-engaged-work.aspx>).

A Gallup poll reflects the opinions and attitudes of employees on the quality of the working environment through the 12 conditions that affect productivity, and IMD that, in addition to statistics, based on the opinion of businessmen about the state of the labor market. Taken together, the results of these studies show that the situation on the Croatian labor market does not suit anyone, nor employees nor their employers, and is the final result of a long recession with no clear prospects for prosperity (<http://www.jutarnji.hr/rad-bez-motivacije--hrvatska-najgora-u-istocnoj-europi-po-inerciji-radnika/1289786/>).

Only 13% of employees worldwide are engaged at work, according to Gallup's new 142-country study on the *State of the Global Workplace*. In other words, about one in eight workers -- roughly 180 million employees in the countries studied -- are psychologically committed to their jobs and likely to be making positive contributions to their organizations.

*Table 2: Worldwide actively disengaged employees outnumber engaged employees by nearly 2-1*

	<b>2009-2010</b>	<b>2011-2012</b>
Actively disengaged	27%	24%
Not engaged	62%	63%
Engaged	11%	13%

Source: <http://www.gallup.com/poll/165269/worldwide-employees-engaged-work.aspx>

This employee data in study shown above was conducted among 94 countries with the sample of at least 300 employed respondents. In the Table 2 are shown country-level results along with the margin of sampling error associated with each percentage.

The current workplace study was conducted via two tracking surveys – Gallup World Poll (73,752 respondents 18 and older in 141 countries) and Gallup daily tracking survey (151,335 U.S. respondents). The questions about employee engagement were asked only of respondents who indicated they were employed for an employer, either full-time or part-time, and the results on the country level were weighted by population size to arrive at regional and global aggregates while the results based on total global sample, one can say with 95% confidence that the margin of sampling error is less than  $\pm 1$  percentage point.

As it turned out, considering employees worldwide -- 63% -- are "not engaged,"; in other words, they lack motivation and are not willing to invest effort in organizational goals or outcomes. And 24% are "actively disengaged," or in other words not happy or not as productive at work and have the tendency to spread negativity to coworkers. If those numbers are translated into workers around the globe, there are 900 million not engaged and 340 million actively disengaged workers today.

As shown in Gallup's previous employee studies, employees engagement levels vary depending on different countries and regions inside global regions. The highest proportion of engaged workers can be found in the U.S. and Canada (29%), followed by Australia and New Zealand (24%).

## ***CURRENT FACTORS OF EMPLOYEE MOTIVATION***

Factors of employee motivation generally change over the years and depend on a number of factors such as culture, economic situation, etc., In a survey conducted by the employee engagement firm TINYpulse in 2014 in the USA called „The 7 Key Trends Impacting Today’s Workplace“ that involved over 200,000 employees in more than 500 organizations, showed interesting results.

Although the conducted research explored number of different management topics such are growth opportunities, culture or recognition, the most interesting was the one considering motivation because it has shown to be the challenge that occupies managers. The specific question the survey asked was: “What motivates you to excel and go the extra mile at your organization?” and the respondents could choose from ten

different answers. As it turned out, money, that is often assumed to be the major motivator, was well back in the pack, just seventh on the list. The results were as follows (<http://www.forbes.com/sites/victorlipman/2014/11/04/what-motivates-employees-to-go-the-extra-mile-study-offers-surprising-answer/2/>):

1. Camaraderie, peer motivation (20%)
2. Intrinsic desire to a good job (17%)
3. Feeling encouraged and recognized (13%)
4. Having a real impact (10%)
5. Growing professionally (8%)
6. Meeting client/customer needs (8%)
7. Money and benefits (7%)
8. Positive supervisor/senior management (4%)
9. Believe in the company/product (4%)
10. Other (9%)

In the attempt to find out what makes employees do their best work, two firms, „Badgeville“ and „Make Their Day“ partnered to survey over 1,200 workers. The results have shown that employees don't value money as most important motivator, but that recognition, growth opportunities and fun work environment keep them happy, engaged and productive. The survey offered scalable solution for all companies seeking to create motivated work environment following next key findings (<https://badgeville.com/2013/06/13/what-motivates-employees-today>):

- Money is not the most valuable motivator
- “Free” recognition and virtual rewards have become increasingly important
- 83% of employees said recognition for contributions is more fulfilling than any rewards and gifts.
- 71% said the most meaningful recognition they have received had no dollar value.

The survey results also showed what kind of praise and source was more motivating:

- 69% - being recognized as an individual over a team
- 76% - praise from their peers
- 88% - praise from their managers
- 14% - gift over \$1,000.
- 90% - fun work environment

It is clear to see that a fun work environment was ranked higher than other factors such as job titles, cash equivalents, and gifts, in regards to what motivates employees.

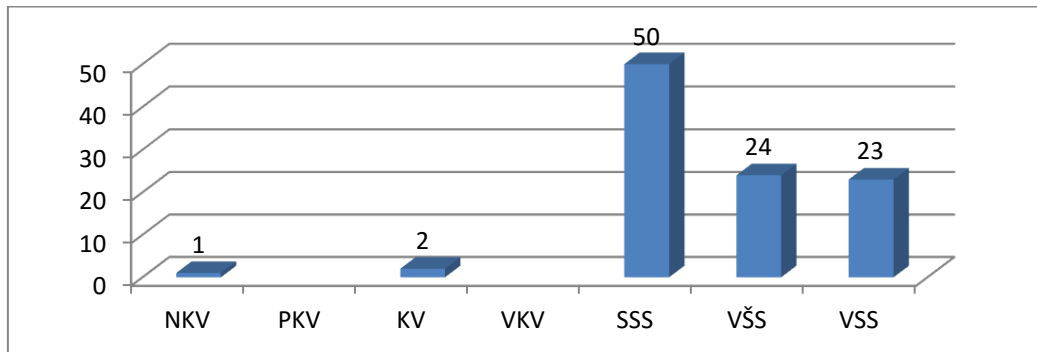
Because of the constant change of employee's motivation and the fact that it depends on many factors, a survey was conducted in order to determine weather there is and how big is the difference between the factors of motivation among current employees and those who are just about to enter the work market - the third year students of the Polytechnic 'Nikola Tesla' in Gospić.

## ***BASICS OF THE COMPARATIVE SURVEY OF WORK MOTIVATION***

The survey was conducted in parallel with a sample of 100 employees (80 male, 20 female) and 58 students of the Polytechnic Nikola Tesla in Gospić (16 male and 42 female students). The results are correlated to to compare students' expectations and the actual situation on the labor market. Data was collected through a questionnaire. Qualification structure of employees who access the survey was as follows:

1. 1 unskilled worker (unqualified – NKV)
2. 2 KV (qualified) employees ( KV)
3. 50 secondary education (SSS),
4. 24 Associate degree (college degree - VŠS) and
5. 23 degree (university degree - VSS).

The largest number of employees who access the questionnaire ranged years between 30 and 40, and 44% were younger, in their most productive phase of life.



*Graph 1: Education degree of surveyed employees*

Together with data on sex, age and qualifications the survey contained eight questions for employees and seven questions for students as follows:

Table 3: Survey questions for employees / students

<i>What motivates You for work? EMPLOYEES</i>	<i>What will motivate You for work? STUDENTS</i>
a) good work environment	a) good work environment
b) job creativity	b) job creativity
c) pay	c) pay
d) contribution to the company	d) contribution to the company
e) human relations	e) own progress
<b>2. 2. To what extent are you satisfied with your pay?</b>	
a) extremely satisfied	
b) satisfied	
c) unhappy	
d) extremely dissatisfied	
<b>3. Are You satisfied by the level of individual remuneration?</b>	<b>2. Do you think individual remuneration has an important role in improving the efficiency of work (it is determined by the efforts and achievements in relation to its objectives, and can be material and / or immaterial)?</b>
a) satisfied	a) yes
b) it is not so bad	b) no
c) unsatisfied	
<b>4. What immaterial factors in your opinion affect a job well done?</b>	<b>3. What immaterial factors in your opinion affect a job well done?</b>
a) the possibility of promotion	a) the possibility of promotion
b) flexible working hours	b) flexible working hours
c) job security	c) job security
<b>5. Do you agree with the statement 'I'm more motivated I would certainly give better results?'</b>	<b>4. Do you agree with the statement "I'm more motivated'd certainly give better results " ?</b>
a) yes	a) yes
b) no	b) no
<b>6. Do you feel that important factor of motivation is devoted work with the objective of growth and development for the company, or is free time more important to You?</b>	<b>5. Do you feel that important factor of motivation is devoted work with the objective of growth and development for the company, or is free time more important to You?</b>
a) business development and growth	a) business development and growth
b) free-time	b) free-time
<b>7. Do you find the possibility of promotion important?</b>	<b>6. Do you find the possibility of promotion important?</b>
a) yes	a) yes
b) no	b) no
<b>8. Does Your work environment motivate You to be more efficient?</b>	<b>8. Do You think that Your work environment should motivate You to be more efficient?</b>
a) yes	a) yes
b) no	b) no



The only question that was not set for students is the one referred to the satisfaction of salary in order to determine the impact of extrinsic factors (salary) to the level of personal satisfaction

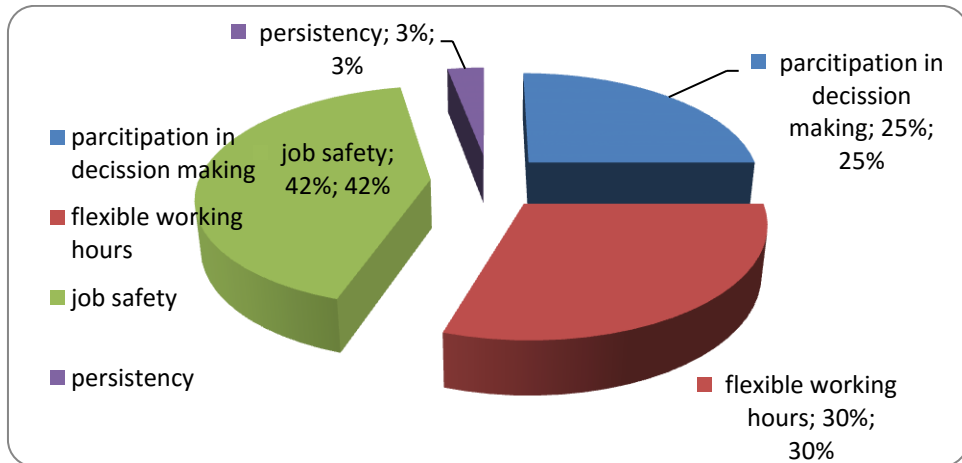
## ***ANALYSIS OF THE RESULTS***

Answering the question „What motivates You for work?“, 55% of employed respondents considered that favorable working environment contributes to motivation for successful job performance while the students opted for a salary as the main motive for 32.8% of the responses. These results coincides with the results of the research that was conducted on 1,000 respondents MojPosao (<http://www.jutarnji.hr/koliko-vama-nedostaje-za-srecu-na-poslu--novo-istrazivanje-otkrilo-sto-im-je-najvaznije-naradnom-mjestu/1218910/>), which shows that employees in the Republic of Croatia value pleasant working atmosphere as most motivating, followed by respect and appreciation of colleagues; that was also confirmed by our study of 100 employees.

When asked to what extent they are satisfied with a salary, as much as 60% of respondents said they are satisfied with the amount they receive, 24% of respondents are not satisfied with a salary of which 19 women and 5 men. More women dissatisfied salary can be explained and research MojPosao (<http://www.zeneposao.com/?lang=hr&index=16&cid=10507>) tating that women were an average of 19.4% paid less than men. This difference is all the greater, to increase the service, and the highest is in the most productive age. The fact is that the women on one side face lower wages than their male counterparts for the same position, on the other hand are predominantly female occupations in the Republic of Croatia is one less paid. So are women most present at the box office or supermarket chains in other service professions, the tables in the textile factories or behind the desks of various counters. So according to this study, women are paid less than their male counterparts, hence the growing dissatisfaction with salary in women.

Employees who were asked if they are satisfied with individual rewards, answered as follows: 51% of employees are dissatisfied, 34% said it was not so bad, while only 18% were satisfied. Very similar to the question we set up and students of the Polytechnic "Nikola Tesla"; the expectations of students are significantly different from the actual situation in the labor market, 98.3% of students considered the important role of individual remuneration in order to improve the efficiency of work.

When asked which intangible factors are affecting job well done 42% of respondents said that job security affects the job well done, for 30% of the employees is important flexible working hours, while 25% said it was to participate in decisions factor influencing job well done. Only two employees considered their most important information and continuing education. Very similar to the question we posed the students Polytechnic "Nikola Tesla" in Gospic; 53.5% of students consider the possibility of promotion the most important factor that significantly affects a job well done. Here we see the difference of opinion between students who have yet to enter the labor market and those already present for some time on the same.



Graph 2: Paragroup employees intangible factors affecting job well done

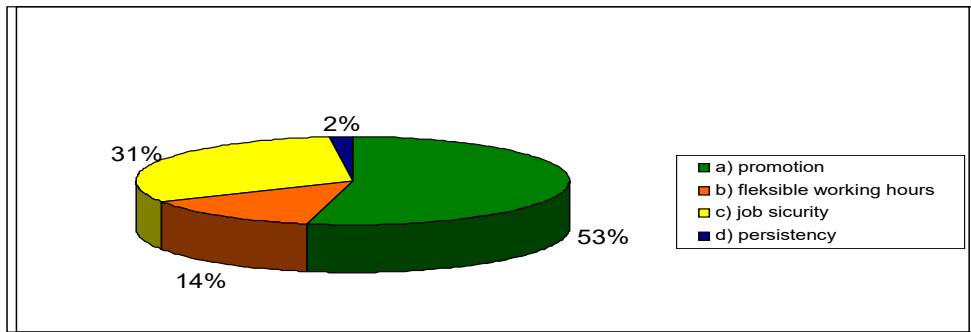
Used together in a balanced way, compensation and recognition achieve goals for employee satisfaction, engagement, productivity, performance and retention.



Graph 3: Colleration between salary increase and social recogniton

Source: . <http://www.tlnt.com/2015/03/27/a-paycheck-is-not-enough-recognition-for-a-job-well-done/>

The two in balance as represented in the graph; pay increases represents the green area – more money invested, but with a shorter-term impact. Strategic recognition, represented in the yellow area, requires less monetary investment, but has a much longer and lasting impact. withDerekIrvine There is some correlation of pay vs longevity: pay enables people to stay longer. Data shows that a 10 percent increase in pay delivers a 5 percent decrease in quitting behavior. <http://www.tlnt.com/2015/03/27/a-paycheck-is-not-enough-recognition-for-a-job-well-done/>)

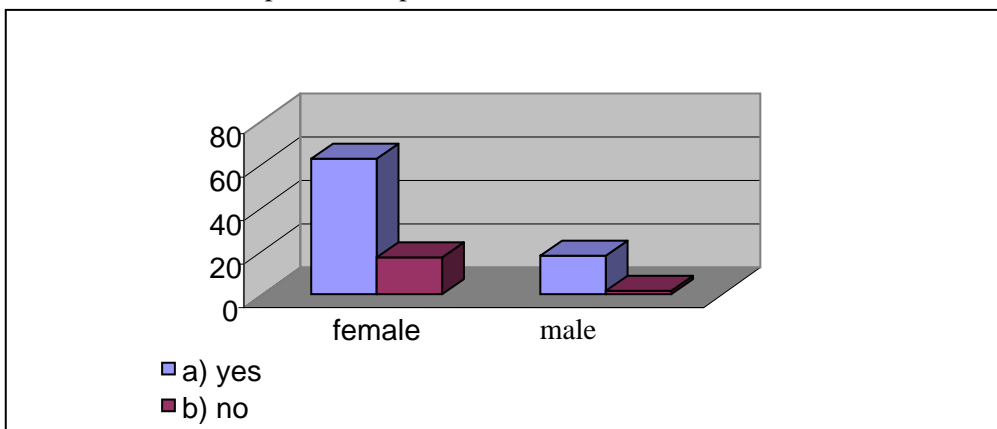


Graph 4: The position of students intangible factors affecting job well done

Even 78% of respondents believe that would give better results in the work if they were motivated, of which 19 out of 20 surveyed men and 59 or 73.75% are women. 18 of 23 total surveyed employees with higher education believes that the motivation is very important factor in the creation of output. Students in question have a very similar opinion - 86.21% think that motivation affects job well done while 13.79% do not share this opinion.

Asked if they feel that important factor of motivation is devoted work with the objective of growth and development for the company, or is free time more important, 58% of employees, 44 women and 14 men, ( and 63.8% of students) opted for leisure as an important factor that will motivate them when they enter the labour market. According to research(<http://www.global-recruiters.com/happiness-and-motivation-in-the-workplace/09.05.2015>.) conducted by one of the world's top software companies, the company's Yast, 76% of respondents believe that stay in business, if the employer made a good work-life balance. They feel that the employer must work to create a schedule that gives employees the time to his personal and family activities.

Asked whether they were is opportunity for advancement important, even 81% of respondents believe that it is very important factor of motivation, while only 19% of respondents believe that they are not essential. The surveyed students also confirmed this thesis with 94.8% positive responses.



Graph 5: Is the opportunity for advancement important to employees?

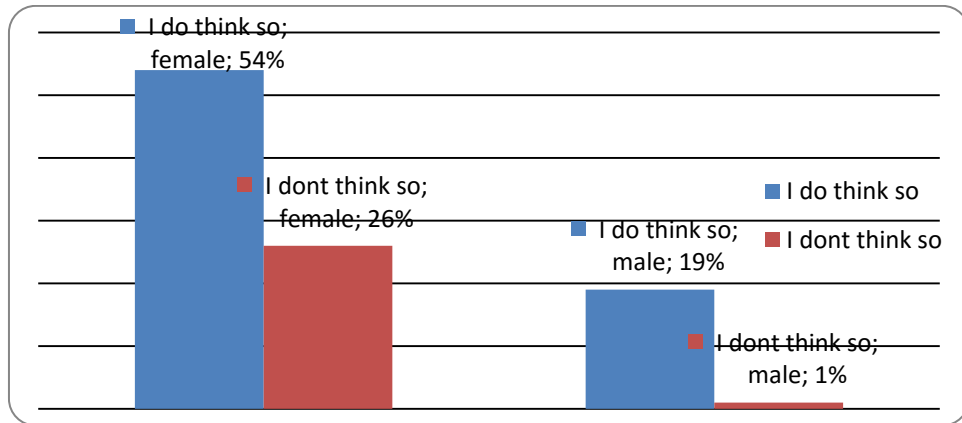
Advancement does not always have to be formal, although it is often defined as formal/official transfer from one position to another, higher one, it can also be lateral, for example if one litigation attorney makes lateral move from one law firm to another. Advancement often comes with high pressure for better performance since employees who move up have to prove that they are worthy of the promotion and have to demonstrate their skills to their employer. Advancement also forces performance -- employees who move upward or laterally have an obligation to their employers to prove they are worthy of the promotion or demonstrate their skills with another employer. Clear opportunities for career advancement according to Victor Lipman of Forbes, manager at multiple companies, is one of the most important element for employee satisfaction, a very powerful motivator. Lipman notes that: "At times when career paths were clear, individuals tended to be more motivated, with tangible goals to work towards. At times when career paths were dim or nonexistent, individuals tended to be less motivated, less focused, more uncertain. [...] That's why it makes good business sense for organizations of all sizes to spend time developing and maintaining thoughtfully structured career path systems." "The Motivational Value of Clear Career Paths," forbes.com, October 19, 2013, Victor Lipman, <http://www.forbes.com/sites/victorlipman/2013/10/19/the-motivational-value-of-clear-career-paths/>)

When it comes to advancement, one survey conducted by professional services organization Thomas Watson conducted in the U.S. and Canada discovered that only 37 percent of companies stated that their employees understand how they can get an advancement, and only 44 percent of companies reported that their employees are able to obtain the career advancement opportunities they desire. Other findings were:

- 1/3 of companies that partook in the survey have defined vertical career paths for their employees.
- 67% of the companies surveyed reported using technology for employee training and development purposes, but only 44 % of these companies used such technology effectively.
- 25 % said that managers effectively provide career advancement to their employees.

As these findings suggest, there is a significant gap between employees' desire for career advancement and the actual opportunities they are afforded in the workplace.

To the question „Does Your work environment motivate You to be more efficient?“ 73% of employees responded positively while the students asked a similar question and they responded positively with 96.6% , they find that the working environment is very important factor that leads to work efficiency. Operating environment, among other things should encourage employees to be more efficient in their work, to socialize with colleagues, work together and learn every day in their work, and to be creative and innovative in their work. Creating a positive working atmosphere and increasing the level of satisfaction among employees leads to a more efficient operating of tasks.



*Graph 6: Is a positive work environment important for efficient work?*

Different surveys show that employees do their best work if the environment makes them feel valued and happy, if they get praised for well done job, but in every company manager has to identify what motivates his employees and associates. As shown in the surveys, not money, but simple courtesies can help managers to motivate his employees; such simple things have a large impact on improving the work environment, or even organisational morale to motivate for bigger efficiency.

## **CONCLUSION**

The reason why motivating employees can sometimes be challenging is because motivation is individual, and employees are individuals – what motivates one employee may not motivate another; therefore, the key for finding motivation is the ability of managers to communicate to their employees. According to Kenneth Kovach (1999), managers sometimes disregard the most important motivational techniques when dealing with associates – they often think money is the best way to motivate associates, but more often than not non-monetary incentives are better choice.

In parallel poll of the employees and students showed interesting trends. A pleasant working environment contributes to motivation for successful job performance among employees while for the students the pay the main motive. When it comes to individual remuneration, the majority of employees are not satisfied with the same parallel while 98.3% of students considered the role of individual remuneration important in order to improve the efficiency of work.

When it comes to intangible factors, the employees emphasized job security and flexible working hours as important factors, while students in a significant percentage stated the opportunity for advancement as relevant intangible factor of motivation. Even 78% of respondents believe that they would give better results if they were motivated, and very similar views with equally high percentage (86.21%) is shared by students. More dedicated work with a view to growth and development is an important factor of motivation for 58% of employees, while 63.8% of students opted for leisure as an important factor that will motivate them when they enter the labor market. The

possibility of advancement is important factor up to 81% for employees; students surveyed also confirmed this thesis with 94.8% positive responses.

From all the above stated it can be concluded that there is a difference in factors of motivation among employees and those who are about to become part of the labor market; both groups surveyed agree in their assessment that motivation plays an important role in the efficiency of work.

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## **THE TAX SYSTEM AND TAX POLICY IN THE FUNCTION OF ECONOMIC DEVELOPMENT AND EMPLOYMENT**

*Dejan Karavelic MSc*<sup>37</sup>

*Zoran Karavelic PhD*<sup>38</sup>

### **ABSTRACT**

*The tax system and tax policy in all countries, are subject to constant review, and the tax systems of these countries, significant changes occur. The differences that exist in the design and implementation of fiscal policy, more or less are a result of differences between their social and economic systems and levels of development. It is very important to choose the criteria and principles underlying the fiscal policy of a country. In order to achieve fiscal and other economic targets, in some periods are increased taxes on income in respect of taxes on consumption, at other times the reverse process occurs. At some time, countries are increasing progression, while in the second period, reduce the progressivity of taxes. The changes in the tax system in Serbia is coming right after some changes in the political and economic country system. Basically there have always been changes in the redistribution of the tax burden across the population and economy. The justification for changing the tax system still was in need of providing funds for strengthening state independence and its defensive power, acceleration of economic development and employment, higher living standards and others. Thus, the need for changing the economic structure, low level of economic development, international economic integration, fiscal decentralization, high unemployment and others. are the main drivers of tax reform. On the other hand, the tax system and tax policy have an important impact on economic trends, the level of employment, a general increase in prices, the inflow of foreign direct investment, and other economic variables. Accordingly, both authors in this paper is focused on analyzing the impact of the tax system and tax policy on economic development and employment in Serbia, aiming to draw attention to the current limited scope of the tax system and tax policy on development trends of the national economy.*

**Key words:** Tax System, Tax Policy, The Economy, Tax Competitiveness

**JEL Classification:** E62

**UDC:** 336.221.4

331.5

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<sup>37</sup>Dejan Karavelic, Tax Administration, Belgrade, Serbia, [dejan.karavelich@gmail.com](mailto:dejan.karavelich@gmail.com)

<sup>38</sup>Zoran Karavelic, Faculty of Business Economics and Entrepreneurship, Belgrade, Serbia, [zkaravelic@gmail.com](mailto:zkaravelic@gmail.com)

## ***INTRODUCTION***

The globalization of the last few years is the main characteristic of the world's social and economic life. In today's business conditions circumvent of global world trends for each country may mean a delay in development. Globalization of the world economy is the most important change, which over the past decades has influenced the revision of theoretical statements, but also changes in legislation in the field of the taxes. High taxes on income from labor capital reduce the competitiveness of the economy and therefore reduces the relative importance of these taxes in respect of taxes on consumption. Foreign investors after considering the factors of production in the country of investment often make the investment decision, depending on the tax system and tax competition in the country, given that the main objective of the investor to realize the highest possible profit with minimum investment risk. It should not be ignored the investment by domestic investors. In order to raise the level of these investments, it is necessary to provide additional tax incentives and domestic investors.

In modern states there is a large number of taxes, so that tax systems are based on the concept of tax pluralism.

Differences in tax systems of modern countries depends on the following factors: development of the economy, socio-economic structure, flexibility of taxes, the education level of the population, and the use of new technologies, the degree of openness of the economy, the character of the governmental structure of a certain international organization, historical development and tradition.

The tax system does not arise as a result of the advanced plan calculated by the scientific principles, but primarily on the basis of a compromise of different political forces, influenced the historical development of pressure to find new sources for financing public expenditure (Popovic,1999, p. 150)

In the contemporary theory of Finance are adopted the principle of intervention by the state, which the government through the creation and implementation of fiscal policy, in the context of economic policy has a significant impact on the economic and social mainstream trends, and on the economic development and employment.

Using taxes as an instrument of fiscal policy, the state can actively works:

- microeconomic interventions, which involve tax discrimination or encouragement of certain activities or of certain categories of taxpayers;
- Macroeconomics, acting on the demand and prices by increasing or decreasing taxes.

The recent developments in economic policy, and thus fiscal policy increasingly characterized by the microeconomic approach, which is in focus, acting on the supply. Operating through taxes to the supply is the way to conduct certain stimulation of production and other activities. By introducing fiscal policy at the micro level, by taking incentives, decreasing tax rates and tax incentives, many authors believe that it can act to increase savings and investment, which contributes to overall economic growth.

The tax system in Serbia over the past fifteen years has been significantly reformed, but the intensity of the reforms differed at different taxes. Most significant progress has been in the case of taxes on consumption, less in the case of taxation of income and property tax, based on which it can be concluded that the consumption taxes in recent years are fully complied with theoretical principles and international practice.



Therefore, the attention of authors in this paper is first focused on the theoretical analysis of the impact of tax incentives and tax competition on the development trends of the national economy, followed by an analysis of the effects of fiscal economy on economic development, while the third part contains a short presentation of the new concept of tax reform. In this part of the work is particularly emphasized the importance of the new tax reform on factors of production (labor and capital), considering that the most important objectives of the reform of the tax system securing macroeconomic stability and creating favorable conditions for employment and investment.

### ***THE SYSTEM OF TAX INCENTIVES AND TAX COMPETITIVENESS***

Tax incentives in fiscal literature, is generally defined as a tax concession of a public authority (state) to specific taxpayer (in terms of tax base and tax rates) to use tax benefits with the economic and social motives.

For selective stimulation of development activities in the tax practice there are different categories of incentives:

1. Preferential tax rates. Certain undertakings compared to others, may be on a temporary basis to fix a lower tax rate. An extreme example of preferential tax rate is the institute of "tax holidays". Certain subjects, which will start at the national or global economic stage, for a certain period to fully awarded tax-exempt status.
2. Investment tax credits and investment fees. Specified projects, investment tax credits allow the deduction of standard tax liabilities, in the form of exclusion of expenditure for physical work, new hires in the workforce.
3. Accelerated amortization. As a rule, the allocation of funds can be accelerated amortization, thus the faster return of investment capital.
4. Incentives for investment procedures. Policy makers can do the incentives aimed at reducing the cost of financing of certain investment activities. Encouraging investment procedures can be made through the tax system.
5. Instruments of economic policy. In certain cases, the general economic policy instruments can be a function of tax incentives: encourage youth employment generation, technology transfer, patents, licenses, joint ventures and the like.
6. Incentives export-oriented economy. Incentives export-oriented economy can be directly administered mainly through a system of indirect tax forms. But when it comes to direct forms of taxes, direct subsidies are allowed, but in practice this support is implemented in two ways: the exemption from the payment of excise products that are intended for export and exemption from value added tax, of products which are destined for export.

In the framework of the mechanisms which are in the sphere of direct taxes can provide support to export-oriented economy, a special place mechanisms that offer agreements on avoidance of double taxation which are generally concluded bilaterally. The Republic of Serbia is interested in eliminating the problem of international double taxation, and thus removes obstacles for intensive international exchange (Beslač, 2010, p. 76).

Tax competition states that the land for the purpose of attracting free financial capital and investments form a stimulating tax policy that implies, first of all, tax relief during the settlement of their tax liabilities. At the global level it is noticed a general decline in tax rates over the last decade. Tax competition necessarily gives rise to costs in terms of reduced public revenue.

The Republic of Serbia uses many instruments of tax policy, in order to promote industrial and technological development, stimulating export activities to increase employment. The system of tax incentives represent those provisions of the tax law that provide preferred fiscal treatment of some activities over others (such as tax breaks and credits for investment in the processing industry), each organizational form over another (for example, the lower tax rate for small tax entities or entrepreneurial activity) or one of the other forms of financing (for example, direct tax treatment of debt and equity). Therefore, the Republic of Serbia is interesting for foreign and domestic investors because of its stimulating tax system. One of the instruments of fiscal policy in the country have low tax rates. Table 1 shows the effective tax rate in the Republic of Serbia.

*Table 1: Tax rates in the Republic of Serbia*

Tax rates		
VAT	general rates	20%
Social security contributions	Pension and Disability Insurance	14%
	health insurance	5,50%
	unemployment insurance	0,75%
Income tax		15%
the tax on dividends, shares in profit, royalties, interest and capital gains		20%
earnings and income from independent activities		10%
income from capital and capital gains		15%
Copyright, real estate, gains from gambling and other types of income		20%
Annual income tax		10/15%

Income tax is one of the lowest in Europe, a value-added tax and income tax is lower than in most countries of Central and Eastern Europe. Withholding tax at the rate of 15% on dividends, shares in profits, royalties, capital gains and interest. Annual income tax paid by natural persons - residents and foreigners at a rate of 10/15%.

After examining the reports of the National Agency of 2014, the VAT rate in Serbia compared to other countries, range, as shown in Table 2.

*Table 2: Comparative review of VAT rates Serbia and other countries*

VAT	Rate
Serbia	20%
Bulgaria	20%
Slovakia	20%
Czech Republic	21%
Poland	23%
Romania	24%
Croatia	25%
Hungary	27%

Source: [http://SIEPA.gov.RS/index/investirajte/poreski\\_sistem.htm#poreske\\_stope.html](http://SIEPA.gov.RS/index/investirajte/poreski_sistem.htm#poreske_stope.html) (26.05.2015)

We note that Serbia, in addition to Bulgaria and Slovakia have the lowest rates of value added tax in relation to the displayed countries.

The tax rate on corporate income in Serbia is proportional and amounts to 15%. For the purpose of comparing tax rates in the countries of Europe, in Table 3 provides an overview of the corporate tax rate, to determine which of these countries according to the criteria is most competitive tax rates tax.

*Table 3: Comparative review of the tax rate on corporate income in the countries of Europe and Serbia*

Income tax	Rate
Bulgaria	10%
Serbia	15%
Romania	16%
Czech Republic	19%
Poland	19%
Hungary	19%
Croatia	20%
Slovakia	23%

Source: <http://SIEPA.gov.rs//sr/index/investirajte/Zakoni/PDV.html>

Table 3 clearly shows that Serbia is in second place immediately after Bulgaria, if we look at the criteria of the highest rates of income tax and, as such, is one of the most competitive countries in transition. Until recently, when the rate of corporate income tax in Serbia was 10% and in Bulgaria 20% -27%, Serbia had the lowest corporate tax rate in the region.

In the context of the new tax reform, we point to some important changes in tax laws relating to tax incentives in order to achieve the main goals of economic policy.

The application of the provisions of the Corporate Income Tax Law ("Off. Gazette of RS" no. 25/01, 80/02, 43/03, 84/04, 18/10, 101/11, 119/12, 47/13, 108 / 13.68 / 2014

and 142/14-other law to achieve the goals of economic policy in terms of stimulating economic growth and employment, taxpayers are offered numerous tax incentives, we will state the following:

1. Paying income tax is free on a non-profit organization for the tax period in which realizes a surplus of income over expenditure does not exceed 400,000 dinars, given under certain conditions.
2. There is tax exemption of tax on corporate profit company for job training, vocational rehabilitation and employment of disabled persons, in proportion to the share of such persons in total number of employees.
3. Incentives when investing certain amount of funds in assets of enterprise for the performance of the core business and if in the period of investment in enterprise employ additional to at least 100 persons the tax payer will be exempt from corporate profit tax for a period of ten years in proportion to the investment.

Amendments to the Law on Personal Income Tax Law, from July 1, 2014 ("Official Gazette of RS" No.68 / 2014), due to achieve the goals of economic policy in terms of stimulating employment, is reduced the tax rate on wages and self-employed at 10%. Amendments to this law, employer - legal entity or entrepreneur who hires a new person is entitled to a refund of taxes paid on labor earnings for newly employed person, paid as of June 30. 2016. Tax relief can be achieved if the employer employ new employees with increased number of employees compared to the number of employees on 31 March 2014. This created conditions for increasing employment and unloading of commercial entities, ensures the implementation of the reform of the business environment and reduce risks and operating costs, as and proposed tax incentives in hiring new workers that will eliminate the gray area in the field of employment.

Amendments to the Law on contributions for compulsory social insurance, from 2014. year ("RS Official Gazette no. 68/2014), for the establishment of economic policy objectives in terms of stimulating employment, changed the rates at which to calculate and pay contributions namely: the compulsory pension and disability insurance-26% (cumulative) for mandatory health insurance-10.3% (aggregate) and for unemployment insurance 1,5% (cumulative). Amendments to this law the employer-legal person or entrepreneur who hires a new person is entitled to a refund of the work of paid contributions for compulsory social insurance paid by employee and the employer, on the basis of earnings for the newly employed person, paid as of June 30, 2016, starting from March 31, 2014. Lower fiscal burden on labor will contribute to the reduction of labor costs and thus increasing the demand for labor and employment as well as reducing gray economy. In addition reducing labor costs will contribute in increasing the attractiveness of Serbia for foreign investments.

Proposed and adopted increased VAT rates should have a positive impact on the trade balance, due to the fact that the products at export exempt from paying VAT, while imports taxable VAT.

## ***EFFECTS AND IMPACT OF FISCAL POLICY ON ECONOMIC DEVELOPMENT***

Taxation has become primarily a means to more or less intervention on market trends of the development of the economy. Taxes become one of most powerful funds for the redistribution of national income, the individual entities, on the other hand, the various forms of consumption and accumulation, savings (Komazc, Ristic, 1997, p. 477).

Using a variety of benefits and facilities through various exemptions or reducing the tax burden, by subsidizing investments through differentiated tax rates, etc., Public finance and tax system, as part of financial integrity, stimulate, guide and encourage economic growth.

Operation income tax is one of the basic operation. Taxes are acting in the economy because this instrument procedures and redistributes about 50% of national income. At the national income taxation can act directly and indirectly. Direct action is achieved by direct taxes (by increasing or decreasing taxes) which directly affect the disposable income. Indirect taxes operation is reflected in the seizure of income from certain entities (through tax collection) and providing other entities. Increasing taxes multiplied detriment to the income and employment, despite the fact that the state so the funds received, which consumes over public expenditure, re-directed into the economy. Developers of modern economic policy as a rule choose different tax instruments in the function of stimulating economic growth. The essence of tax policy should be seen in greater or lesser orientation or performance to discourage or stimulate investment. Investments are the main driver of economic and social development of any country. Also, without the privatization of the company, no new investments and it is not possible to be equally involved in global economic competition. Privatization, on the one hand, and stimulating tax system, on the other hand, create conditions for foreign investment in our economy where the law should ensure full equality and security of all potential domestic and foreign investors (Karavelić, Gojkovic, 2013, pp. 97-101).

Unemployment today is an all international problem. In modern economies, public revenues and public expenditures represent a significant segment of fiscal policies aimed at increasing employment and reducing unemployment. The reduction of the fiscal burden should increase accumulation for the filling of investment projects, which will lead to an increase in production capacity and create new jobs. Tax policy, foreign trade and development policies are interdependent segments of macroeconomic policy. Tax policy affects the import and export of goods and services. Tax levy effect on exports and imports, and, for a clearer distinction of the tax effect, need particular attention to the aspect of export, and in particular the aspect of import. Export aspect is able to use tax forms and measures affecting the increase or decrease of prices of goods and services exported. Taxes, tax credit or release encourages the export of domestic goods. Export of goods is exempt from tax, but there is a possibility that the state tax introduced for certain export products. Besides the importance of balance, the main reasons of the fiscal burden of imported goods and services may be specific and protection industries from foreign competition and the need to balance the balance of payments (Jovanovic, 1998, p. 70). The increase in prices of imported products directly results in reduced demand for imported goods and an increase in demand for domestic goods.

In EU countries, taxes cease to be just a financial instrument for the mobilization of financial resources required by the state. They become one of the strongest and most developed instrument in certain economic and social policy of the state. The EU is an area characterized by high tax burdens. According to available data for 2009, the share of tax revenue in relation to gross domestic product at the level of the Union was 39.9%, which is more than 10% higher than in the US (29.3%) or Japan (27, 9%) .This does not mean that individual EU Member States have a high tax burden, because some have a share of taxes in GDP, significantly lower than 39.6%, while others, such as Sweden, have greater than 40%. But the tax share of GDP in the EU is generally high in comparison with other OECD member countries (Hrustić, 2011, p. 14).

The structure of the tax system indicates which taxes are most frequent in the tax system of a country and what is their significance. It depends on many factors that are listed in the first section of this paper.

The structure of tax systems of EU member states differ significantly, especially between old and new member states of the European Union. Structure tax revenues is extremely important because it shows who pays the largest amount of tax, if the tax system is fair.

In the old EU member states, on average, the most important are the following taxes: social security contributions (about 28%), income taxes (about 25%), VAT (about 19%), excise taxes (about 10%), corporate income tax (about 9%), dominated by direct taxes. There is a ratio of about 2: 1. In the new EU member states, the situation is reversed.

The greater importance of indirect taxes in the developing countries are in accordance with the priority economic objectives in relation to social benefits targets. Giving economic goals that include accelerated economic development, reduction of unemployment, etc.. reflects the intention of these countries to eliminate underdevelopment in comparison to developed countries.

Table 1 is given the participation of the most important types of tax revenue in the tax revenue in the 15 EU countries. While the tax structure in the EU in 2000, pioneered the average revenue from income tax (individuals and corporations), the situation changed in 2007. Revenue from personal income tax in old member states have more or less equally share the revenue from the consumption tax.

*Table 4: Participation of the most important types of tax revenues in tax revenue in the 15 EU Member States (old member states), 2000 and 2007 (in%)*

member state	Taxes on income		Taxes on production services		Social security contributions	
	2000	2007	2000	2007	2000	2007
Austria	29,2	32,2	27,9	34,2	34,1	33,8
Belgium	39,2	38,5	24,9	30,6	31,5	30,9
Denmark	58,9	61,2	33,2	37,1	3,1	2,0
Finland	41,3	41,4	30,7	30,9	25,2	27,7
France	23,3	27,6	26,6	35,4	36,2	37,6
Germany	29,4	28,7	27,4	32,7	40,4	38,5
Greece	-	25,2	-	38,4	-	36,3

Ireland	41,6	41,0	38,7	43,1	12,6	15,9
Italy	32,6	35,2	27,4	34,6	29,4	30,1
Luxembourg	38,5	37,0	26,1	35,2	25,6	27,8
Ho9landija	25,8	31,6	27,7	33,6	39,9	34,8
Portugal	28,8	26,5	41,3	41,7	25,5	31,8
Spain	28,2	36,1	29,4	32,4	35,2	32,9
Sweden	40,7	39,4	21,6	35,3	28,7	25,3
United Kingdom	38,4	46,3	32,6	35,4	17,6	18,4
EU – 15	35,4	36,5	29,6	35,3	27,5	28,2

*Source: PAC/COM/PUB, OECD 2000; Evropean Commission, 2008*

The tax structure more than 80% of tax revenues from three sources: income taxes, taxes on consumption (value added tax and excise duties) and contributions to social osiguranje. However recent years in the EU countries recorded a trend of increasing consumption tax (Taxation Trends in the European Union / 2009).

In EU countries, the economic effects of taxation start from the aspect of the state's responsibility for the overall economic, social, cultural, demographic and scientific development. Taxes in the EU play a significant role in social production and a major role in the redistribution of national income. Taxes as instruments of fiscal policy works to the change of the economic structure of the economy. It is reflected through: faster or slower development of certain branches, distribution of capacity, diverting demand from imported to domestic products and indirectly acting on the balance of payments relations, altering the structure of production, operation on the structure of production costs. Tax benefits, leading to slower or faster development of sectors of the economy and their position in the market, altering the structure of employment.

### ***A NEW CONCEPT OF TAX REFORM IN SERBIA***

Developers fiscal policy during 2000 and 2001 composed the tax system, whose structure is authentically represent the following tax forms: a) the corporate income tax, b) income tax, c) tax and d) property tax.

Thus began a new reform of our tax system. The first step towards building a modern tax system was the construction of the legal and institutional framework on the following principles: neutrality of the tax and the tax burden abstraction operating results (profit, profit, income); policy of tax incentives; progressive taxation with a small number of tax rates, etc.

The largest newspapers appear in the taxation of earnings. Former personal income that are included in addition to wages and other incomes are taxed through two tax forms: the payroll tax and tax on other income. This has been a fundamental change. In the context of the reform of the tax system that has been implemented in recent years, special attention is paid to changes in the sphere of indirect taxes. These changes are significant in introducing excise tax system, as the special consumption tax. Excise duties belong to the group of indirect taxes because they possess all their

attributes, are realistic, generous, included in the price, which is rolled over. Further change and reform of our tax system continued adoption of the Law on VAT, 01:01.2005., the Law on fiscal decentralization, the Law on Property Tax, which came into force on 01.01.2007. These were essentially two major changes in the new tax system, given that VAT replaced the longtime sales tax on goods and services and public revenues from taxes on property for the first time the revenues of local governments. However, despite the expected revenue from assets following the adoption of the new Law on property tax, revenues from property taxes in Serbia are half that of the OECD countries (Levitas, Vasiljević, Bučić, 2010;).

The purpose of these changes were that that tax system, particularly the system of indirect taxes modernize and make more efficient and to achieve harmonization of our tax system with the tax systems of countries with developed market economies (Milosevic, 2005, p. 63) .

The tax reform in the Republic of Serbia, an important place is devoted Law on Tax Procedure and Tax Administration, adopted on 01.01.2003. This law unified the entire activity in the procedure, determination, collection and control of taxes and other public revenue under the aegis of one authority - Tax Administration in the Ministry of Finance (Popovic, 2003, p. 11)

The analysis of recent data from Table 2, we see that in 2013 growth of tax revenues is of 5.32% compared to 2012. Particularly the highest growth of 13.36% excise tax while the VAT increase was a modest 3.57 %. In the structure of tax revenues the largest share of 52.62% VAT and excise duties with 28.30%, while the share of taxes on corporate income and personal income tax is much lower 7.35% and 6.0%. We can see that we have a trend of increasing public revenues from taxes. However, they were lower than expected, which means that economic activity in Serbia died out and part of the public revenues went into the gray economy.

*Table 5: Revenues of the Republic of Serbia in the period 2012-2013.  
(in 000,000 din)*

Revenues	2012	2013
1. Tax revenues	686.828,2	723.389,97
Income Tax	46.432,4	43.376,6
The tax on corporate profit	48.802,8	53.214,0
Value added tax	367.471,8	380.624,3
Excise	180.627,9	204.760,9
Customs	35.782,8	32.504,3
Other tax revenues	7.710,5	8.909,6
2. Non-tax revenues	99.285,5	87.338,0
3. Donations	2.388,3	1.353,0
Total budget revenues	788.505,0	812.080,7

*Source: The National Bank of Serbia, Department for Monetary Analysis and Statistics, year 2014*



The average share of revenue from taxes on corporate income to GDP in Serbia is 2.5 to 3 times lower than in EU countries (Randjelovic, 2010). The low tax rate of 15% aims to attract especially foreign investments. However, changes in Law on Profit Tax have significantly reduced some tax breaks, mainly for investments in equipment, investment in underdeveloped areas, which was contrary to the policy of balanced regional development and accelerated.

In Serbia, a long-term sustainable growth model must be characterized by a higher level of exports, lower the trade deficit, more investment, lower consumption, higher level of employment and the significant financing current account deficit with abroad. Tax policy could be in the achievement of these objectives as follows: given that taxes are changing the relationship of relative prices in the economy adopted in the proposed tax reform, which aims to increase the relative price of consumption and imports and reduce the burden of exports, employment and investments. VAT as a consumption tax, and it is not calculated to export nor on investment, and its increase arises as a logical choice. It was planned to the new tax reform to increase tax revenues used for the reduction of the tax burden on labor in order to stimulate employment and creation of new job position. However, taxes on earnings in Serbia were already at a low level, so there was plenty of place for further reducing. On the other hand, social security contributions in Serbia were significantly higher than taxes, representing the most significant fiscal burden on earnings.

VAT in Serbia was accounted for two-rate traffic to the largest number of goods and services at a standard rate of 18%, while the turnover of certain basic goods taxed at the rate of 8%. Enhanced VAT rate by 2% (higher, from 18 to 20% and below, from 8 to 10%), the tendency was to align these rates with the rates of VAT in many countries and to generate additional annual revenues.

The latest tax reform should have economic effects on the labor market and the level of employment, the trade deficit, foreign direct investment, to reduce the level of "gray" economy, the economic development. Economic logic dictates that a reduction in labor costs should increase the demand for labor and thus reduce unemployment.

The significant presence of "gray" economy impedes the efficient allocation of resources and slows economic development because economic subjects prone to tax evasion constitute unfair competition to enterprises that operate in legal tokovima. To this fact has significantly contributed to the state itself, especially in wages, goods and criminal policy, for social peace, when the pay salaries in enterprises without payment of public revenues. Based on the operating experience of the authors and their numerous performed controls of taxpayers, the conclusion is that tax evasion is most difficult to carry out in the VAT system where it is necessary to organize a system of evasion throughout the production, transport chain and the easiest to prove them before the judicial authorities, it is sufficient to identify transaction which does not cover the corresponding invoices or fiscal invoices. In Serbia is often the case, that an employer who pays their workers' income in cash, outside legal currents, while tax obligations regularly calculated and paid. Due this, it is estimated that tax evasion in the field of non-registered income is significantly higher than the tax evasion in the field of unregistered sales. So, the conclusion is that the increased taxation areas where the "gray" economy is least present (VAT) and reduced taxation areas where tax evasion most represented (unregistered income) should be a reduction in the volume of "gray" economy. At this way it would be achieved by improving economic conditions, and it

would have an impact on economic development and employment. Export and investments are exempt from VAT taxation system, so that increased VAT rates have adverse impacts on the listed economic variables.

These changes to the tax system should contribute and price competitiveness of Serbia as it reduces the fiscal burden on labor, which is included in the prices of export of products (which is not the case with VAT). In this way we achieve a double positive impact on reducing the trade deficit-increasing tax burden and reduced imports taxation of production factors which enter into the structure of prices of export goods.

That the new tax reform in line with OECD recommendations for establishing a more efficient tax system, we suggest theoretical and empirical indicators published by the OECD study which was founded ranking tax forms to economic efikasnosti. Property tax were ranked as the most economically efficient form of taxation, while at the elsewhere consumption. Taxation of income taxation was ranked in third place, while taxation of capital occupies the last place, because the most negative impact on economic growth. (Johansson et al., 2008; Arnold, 2008; Myles, 2009).

## ***CONCLUSION***

Modern practice is influenced by supporters of the economics of supply is increasingly turning to the functioning of the offer as well as a more efficient way to influence the prices and other macroeconomic parameters. In this regard, the positive impact of tax on prices, output and employment is expected through a reduction of the tax burden so that taxes other than the basic functions of public revenue more influence on economic trends. Reducing or by increasing the tax burden, the various tax incentives, the application of progressive taxation, etc., The state, using the taxes achieved certain effects in the conduct of economic policy.

Tax policy is therefore one of the strongest tools available to authorities in the conception of economic conditions in the country and running makroekonomics. Taxes are changing relationship of relative prices in the economy and thus changing the behavior of economic subjects. Affecting the behavior of economic subjets, tax policy directly affects the macroeconomic opportunities in the country and stimulate or discourage certain macroeconomic aggregates.

Past practice has shown that the tax system and tax policy in Serbia, are designed so that they have had limited effects on the country's economic development and employment. The tax system was undeveloped, dysfunctional, inefficient, and in terms of economic development trends was largely a function of the state needs. In this regard, reform of the overall tax system has long been set as the very important task of economic policy. In the context of selective incentive of development activities in the tax practice used by different categories of incentives such as preferential tax rates; accelerated write-off of; Incentives write-off procedures; instruments of economic policy; incentives for export-oriented economy and others. The tax competitiveness, in order to attract global financial capital and foreign investment through various tax incentives have an impact on economic development and employment. However, in our environment and in this area were limited reach.

Accelerated globalization of economic flows, mobility of capital and labour mobility within the EU have highlighted the weaknesses of the high capital and high taxation and labours. From the side of competitiveness and productivity in the global economy-consumption taxation is preferably from taxation of capital and labour. This is how lately it may be noticed the trend of reduction of taxes on capital and labor in developed countries.

Therefore, the latest reform of our tax system was so designed to be in compliance with the basic recommendations of the OECD and the EU in terms of the efficiency of the tax system, or the rise in consumption tax and the reduction in taxation of capital and labor, given that all the directions of the previous reforms, and all laws bring basically were positively evaluated, but its effects and range have been very limited.

However, even before these latest changes in tax laws, tax structures in Serbia was similar tax structures in developed countries, but in reality Serbia relied mainly on the consumption tax. These taxes make up a large part of budget. Otherwise, relatively high fiscal burden on our economic capabilities and its predominantly targeting the taxes on consumption and income, adversely affected the economic conditions, economic growth and employment.

Grey economy, through various forms of tax evasion in Serbia is assumed large proportions. This has significantly contributed to the state itself, allowing in tacit to be due to social peace pay salaries to employees in companies without payment of public revenues, which in some cases the tax liability on this basis are not met for several years. In this way, the state is practically alone contributed tax evasion which has resulted in the budget deficit and consequently unfavorable course of economic development and employment.

The way out should be sought in addition to the creation and consistent application of market conditions, and to revive the economy, and increasing the efficiency of taxation, tax incentives and tax competition, and other parts of the economic system, since this segment alone can not take the whole the burden of the economy. This is because they are inefficient tax system and the constant presence of budget deficits for a long period had a strong influence on accumulation of development problems of the national economy.

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***PART IV***  
***LEGAL ASPECTS OF EMPLOYEE***





## **CIVIL SERVICE EMPLOYMENT AND CURRENT LIMITS IN RESPECT OF EMPLOYMENT**

Zivanka Miladinovic MA<sup>39</sup>

Djordje Spasojevic<sup>40</sup>

### **ABSTRACT**

*In the civil service employment, the state is at the same time a legislator and an employer. Unlike other employers, it lays down standards that constitute a system of labor law that applies to the entire country and is mandatory for all employers who carry out their activities in its territory. This standard is not adopted as an employer, but it seems as acting legislative power. As an employer, the state is obliged to obey the norms that made it. The other side in the civil service employment, civil servants who participate in the exercise of public authority, which caused many specifics in the recruitment process, the nature of the employment relationship i.e. service relations as well as the characteristic rights and obligations of civil servants. It should be noted that the Republic of Serbia, in accordance with the Law on Civil Servants, is acting as an employer in relation to service employees. This research is the establishment of the civil servants in the State administration, which as part of the executive authorities of the Republic of Serbia performs administrative tasks within the rights and duties of the Republic of Serbia.*

**Key words:** *Civil Servant, Employment in The Civil Service, The Prohibition of Employment in The Public Sector*

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<sup>39</sup>Zivanka Miladinovic, Faculty of Law, Public Administration and Security, Belgrade, Serbia, zivankamiladinovic@gmail.com

<sup>40</sup>Djordje Spasojevic, Faculty of Business Economics and Entrepreneurship, Belgrade, Serbia, spasojevic.djordje@gmail.com

## ***THE CONCEPT OF CIVIL SERVANTS***

Public Administration in the Republic of Serbia consists of ministries, administrative bodies within the ministries and special organizations. The state administration bodies and their scope are determined by law, and act on the principles of autonomy, legality, professionalism, impartiality, political neutrality, effectiveness in achieving the rights of the parties, proportionality, respect for the parties and the public work. In compliance with the above principles Public authorities are responsible for the following tasks:

1) participation in shaping the policy of the Government; 2) monitoring the situation; 3) the enforcement of laws, other regulations and general acts; 4) inspection; 5) taking care of public services; 6) development activities; 7) other professional activities. (Law on State Administration "Official Gazette" NO: 79. / 2005 101/2007, 95/2010). The effective performance of the listed tasks is not possible without personnel who will perform duties as their profession. The importance of qualified and responsible government officials was emphasized by the ancient Greek philosopher Plato in his work, *Country*, "where a government job included the economy, defense and administration. According to Plato, if well organized State entrusts implementation of valid laws to incompetent officials, not only will not benefit from these good laws but the state will be exposed to great ridicule. And because of all this, the State will suffer great losses and embarrassment. How important for the country is that the service has capable and conscientious clerks is illustrate by the German proverb, *Country, they are the clerks*. "Otherwise, the term „civil servant" appears at the end of the eighteenth century in Brandenburg - Prussian state, in the modern sense It is established in the nineteenth century. The same attitude can be seen in the report of the UN Commission: „The quality of governance depends on the total stock of knowledge people which is composed of their loyalty, competence and integrity. The administrative system cannot be better than the people who run it, in which, we can say, the system is personified. The most serious shortcomings of governance stem from the often very unsatisfactory personnel policy. Conversely, an increase in staffing levels is often the most real way to achieve lasting results in the construction of public administration and stable software and development" (Standard and Techniques of Public Administration, New York, United Nations, 1951, pp 20-21, cited by Pusic, 1987, pp. 186). the concept of civil servant in the broadest sense refers to the exercise of certain public services. In European legal theory and practice, there are differences in the use of the term public or civil servant. According to the organizational understanding, the term civil servant refers to persons who perform duties as an officer in state bodies, as well as organs of local self-government, but also the relevant public services, i. e. legal entities, which operate on the basis of public powers. In line with the understanding, the term civil servant refers to persons who work exclusively in state bodies as servants. It can be considered that the concept of public servant is wider than the notion of civil servant, because the concept of public servant includes officials who conduct their work in local self-government and territorial autonomy, in the "administrative bodies, institutions of public services and public companies", ie. in public administration and in activities of general interest (health, education, social services). French lawyers Duez and Debeire have defined the concept of public officers



as follows:., The civil servant (*fonctionnaire public*) is the one who participates in the conduct of an administrative services which is directed, based on the prescribed nomination accepted by the interested party and that it is a permanent way put in position of steady employees covered in one organized clerical kind" (Duez, Debeyre, 1952). Law on Civil Servants of 12/12/1957. , in Article 2, paragraph 1 defines the concept of public servants:., Public servants are persons in state bodies and independent institutions performing the public service as their regular occupation, and that the service is provided performing the duties of general public interest" (., Official Gazette of the SFRY "No. 53/1957). The term "public official" is there in use in the administrative and labor legislation until 1974, when in accordance with the principles of the constitutional system of Yugoslavia, the position of employees in other social activities or fields of work, is rested on the basis of self-management. A new category of "worker in administrative bodies" is their rights, duties and responsibilities organized in working communities, as a special form of realization of the integral self. The current legislation in the Republic of Serbia specifies the definition of public official in relation to the criteria of the workplace, the type and content of the tasks needed for a particular place:., A civil servant is a person whose job consists of tasks within the purview of the state administration, courts, public prosecutors' service National Assembly, President of the Republic, Government, Constitutional Court and service organs whose members are elected by the National Assembly or related general legal, information, material - financial, accounting and administrative tasks" (Law on Civil Servants "RS Official Gazette", no. 79/2005, 81 / 2005- corr., 83/2005 - corr., 64/2007, 67/2007 - corr., 116/2008, 104/2009, 99/2014). Also, positive legislation defines what functions do not fall under the civil servants, namely: Members of Parliament, the President of the Republic, the Constitutional Court judges, members of the Government, public prosecutors, deputy public prosecutors and other persons who are elected or appointed by the National Assembly Government and persons who, under special regulations, have the status of officials. The legal definition of a civil servant, in addition to officials of the state administration (ministries, administrative bodies within the ministries and special organizations), includes officials from other government organs whose jobs, to a lesser or greater extent, correspond to business as usual in the state administration. As we can see, instead of the term employed, which is used for a natural person who is employed by the employer, in accordance with the provisions of the Labor Act, a person who performs a specific public service is indicated by the term civil servant. From a theoretical point of view, civil servants, unlike workers in other organizations, are seen as the bearers of state power. They find themselves in the role of feoffment, because the citizens entrusted performing public authority to them, who are bound to perform instead of the people and for its own good. The Law on Civil Servants, depending on the complexity of the tasks, powers and responsibilities, jobs of civil servants in the Republic of Serbia in the ministries, special organizations, government services, professional services of administrative districts, Republic Attorney's Office, the courts and public prosecutor's offices is divided into positions and Contracted posts.

## ***TERM OF CIVIL SERVICE EMPLOYMENT***

Civil Servants Act establishes a comprehensive civil service system and creating a normative framework that allows more effective and more professional work of employees in state bodies, and thus strengthens the rule of law. The adoption of this law in the period from 2005 to 2006, in the legal system of the Republic of Serbia introduced the regime of civil service employment, which has existed for a longer period in which laws are specifically regulating the status of civil or public servants and clerks: Act on civil servants of civil order in 1923, the Law on officials in 1931, the Civil Service Act of 1946 ("Official Gazette of the SFRY" No. 2/46 ... 11/50) and the Law on Civil Servants from 1953 ("Official Gazette of the SFRY", No. 53/57 ... 31/62). Civil service employment is a two-sided act between the state, an organization that has a public authority or a public service and civil servants, which is made in connection with the affairs of the state administration or immediate prerogatives of executive power. In relation to the state civil service has a dual role and appears to be the more dominant side. Country therefore, on the one hand, carrying out legislative power, adopts standards that constitute a system of labor law, which is mandatory for all employers and applies to the entire territory of the Republic, on the other hand, the employee is obliged to comply with these standards and that they apply to persons who receive employment (Šunderić, 2006, pp. 7). The Republic of Serbia in the role of employer of civil servants is to ensure the realization of its functions, organizes the performance of certain activities in organized forms of government under its control, and, for that, engages the work of certain individuals. On behalf of the Republic of Serbia, the rights and duties of the employer in this regard is carried by Head of state authority, which may authorize in writing a particular civil servant instead him, decides on the rights and duties of civil servants. The authorization may be limited on the basis of content and duration. A civil servant, to whom they transferred the authority, must have acquired higher education of the second degree, or at undergraduate studies lasting at least four years and at least five years of professional experience. As an employer, the state is responsible for a professional, impartial and effective public administration. In order to improve relations officers to work, organization or service in which the work is performed should take a series of stimulus measures in the form of awards, commendations and praises, as well as ultima ratio, after exhausting other means, as well as fundamental analysis should apply disciplinary sanctions and material nature. Subordination of officers superiors, one-sidedness in passing laws on changes during the service relations on issues such as relocation or improvement and the right to disciplinary punishment which has officers are just some of the arguments for the existence of doubts whether the norms regulating civil service relationship belong to the administrative or working right. In order to eliminate this dilemma, we should take into account three theoretical points of view, concerning the nature of the act of the acceptance into the service: the contractual theory, the theory of unilateral act and the theory of two-sided act. "Contract theory holds that the act of entering the service, at its the nature of the contract and that the relationship between government and civil servant, or employee of the contractual character." (Vlatković, Brković, Urdarević, 2013, pp.70). However, the key problem that arises with regard to this theory is the fact that the act of entering the service does not have the formal and

material characteristics of the contract, i.e. the government unilaterally determines the conditions of admission. In contrast, the theory of unilateral act assumes that the "servant admitted-introduced into service the momentum of adoption of the act, and the act of administrative in nature." (Vlatković, Brkovic, Urdarević, 2013, pp.71). Some representatives of this theory believe that this is an act of appointment with termination condition, where the condition was realized as the officer refuses to act on entering the service. The emphasis on the will of the officials put those theorists who believe that the unilateral administrative act "conditional acceptance by the candidates for officers who, with this act, receives the service." (Vlatković, Brkovic, Urdarević, 2013, pp.71). Although this theory is given a lot of attention to servant's will, its views are definitely in favor of the incumbent relation administrative law nature. "The theory of two-sided act considered that the act of entering the service needs to agree two wills." (Vlatković, Brkovic, Urdarević, 2013, pp.71). It's the will of the one who receives the service, ie. of the one who sets the will and the candidate who was set. What contributes to the complexities of this theory are its supporters who believe that "the act of entering the service-sided act actually sided administrative act, which requires the willingness of individuals." (Vlatković, Brkovic, Urdarević, 2013, pp.71). So the act of entering the service is the act-a condition that does not produce legal effects, since it was not realized, due to the absence of the consent of the candidate. Civil service relationship to the Civil Servants Act is considered to be employment. In Article 62 states that "as a rule, a civil servant employed for an indefinite period of time", while Article 126 deals with the "ways of the termination of employment".

### ***ESTABLISHING OF EMPLOYMENT CIVIL SERVICE***

Establishment of civil service employment is a special procedure that is carried out to hiring a certain number of people, for the right to work. The participants of this process are, therefore, on the one hand the employer - the state administration body, on the other hand persons who expressed their will to take up employment. As a rule, a civil servant employed for an indefinite period of time, which can be terminated only in cases determined by law. Employment for a definite period of time may be established for: 1) the purpose of replacing an absent civil servant, until his return; 2) due to temporarily increased workload which the current number of civil servants cannot perform for a maximum of six months; 3) in the workplace in the cabinet, while the official's mandate; 4) for the training, during the training period. The current way of establishing a civil service employment relationship is built on the basis of criticism and lack of time,, pure amateur administration, "ie. Spoils-systemic but also booty system that has been the foundation of American personnel policy in the 19th century. The system of booty was found by US President Andrew Jackson considering that the civil service jobs are not of such a nature that they can not be performed by every citizen. All association officers were appointed by the President of the United States. Upon coming to power President who won the elections, he could remove from the federal administration all officials and their places filled by his supporters and political counterparts. A system that is established on the principles of the presented had the effect that the United States had the worst civil service system in the world where corruption was unlimited, and officials were more concerned with politics than work in

the state administration. In America „Spoils system" existed in the period from 1829 to 1883., until the so-called. Pendelton's law advocated the party neutralization of public officials. Today the President of the United States appoints only the highest state officials. All other officers are professionals whose reception is on a competitive basis, based on competition of knowledge. In the modern world today applies the so-called., Merit System ", or the system of merit and ability, where for employment in state administration bodies need certain conditions in terms of qualifications and personal qualities of the candidates. In that regard, the Civil Service Act specifically emphasizes the principle of equal access to jobs in the Article 9: „, When employed in a state organ, candidates are under equal access to all jobs. Selection of candidates is based on professional qualifications, knowledge and skills. "(Law on Civil Servants" RS Official Gazette ", no. 79/2005, 81 / 2005- corr., 83/2005 - corr., 64/2007, 67 / 2007 - corr., 116/2008). Respecting the principle of equal access to jobs in government bodies, with employment in government bodies shall take account of the fact that ethnic composition, gender representation and the number of persons with disabilities mirrored the fullest possible structure of the population. The legal basis for employment and assignment of officers is a general act which sets out activities and tasks (jobs) and the conditions that officer must meet for their performance. The law stipulates that the act is passed in the form of Regulations on internal organization and systematization of jobs. In addition to forecasting in the Ordinance on internal organization and job classification in the body, it is necessary to fill the job fits into the adopted staffing plan. The staffing plan provides an overview of the number of civil servants to positions and the number of civil servants from employment for an indefinite period required in the year for which the staffing plan is adopted, an overview of the number of interns whose reception is planned and number of civil servants whose recruitment on certain time planning for the possible increased workload. The staffing plan for government authorities and government agencies brings the Government and Human Resources Plan for courts and public prosecutor's offices, the ministry in charge of justice, after obtaining the consent of the ministry responsible for finance. The staffing plan shall be made within 30 days of the adoption of the budget law, in accordance with the funds that have been provided in the budget of the Republic of Serbia. "In principle, when hiring new employees in the civil service, there are defined by the two necessary assumptions. First, that there is a vacancy within the civil service seats set in a special regulation and the need to fill such a place and, secondly, that there are the resources provided for that purpose" (Borković, 1999, pp 89). Civil service relationship can be established only when the candidates meet pre-specified conditions, which are the expression of specific tasks and duties of civil servants. A candidate must fulfill the general requirements for admission to public service. The Law on Civil Servants in Article 45 explicitly defines the general requirements for admission to employment in state bodies:„, As a civil servant can hire an adult citizen of the Republic of Serbia, which has required qualifications and meets the other conditions prescribed by law, other regulation or ordinance on internal organization and systematization of jobs in the state authority, if he had not ceased employment with the state authority for serious violation of duty from employment and was not sentenced to a term of imprisonment of at least six months" (Law on Civil Servants" RS Official Gazette "no. 79/2005, 81 / 2005- corr., 83/2005 - corr., 64/2007, 67/2007 - corr., 116/2008). Thus, the general conditions

required for filling and executive social work posts and positions in state bodies are: drinking age, general health capacity required to perform duties of a particular civil service places, qualifications of a particular profession and nationality, and the lack of conviction by imprisonment of at least six months termination of employment due to violation of the duties of the employment relationship which makes it unfit for the job in the civil service. There is an opinion that the officer when doing public service perform their civic duty, and from there results the attitude that only a citizen of the State can be a loyal civil servant. The provisions of Art. 45, para. 1. The Civil Service Act provided that as a civil servant can hire an adult citizen of Serbia. Persons who, in addition to domestic, have the nationality of a foreign state (dual citizenship) are considered citizens of the Republic of Serbia, when they are on the territory of the Republic of Serbia, or be employed in the state administration bodies, unless a special law provides otherwise. The condition, which is required when recruiting, is that the person has not been convicted of a criminal offense to unconditional imprisonment of at least six months or a punishable offense rendering him unfit to perform duties in the state authority. As a special condition for admission to employment in state bodies, may act on job classification to determine a trial run. Probation can last at least one month and a maximum of three months. Probation work is monitored three-member commission determines the official in charge of the state body and its evaluation to the official to the decision. Members of the committee must have at least the same level and type of expertise as the employee on probation. Depending on the complexity of the duties, powers and responsibilities, jobs of civil servants in the Republic of Serbia in the ministries, special organizations, government services, professional services of administrative districts, Republic Attorney's Office, the courts and public prosecutor's offices are divided into positions and contracted working places. These two types of civil servants, inter alia, differ in the manner of appointment as a civil servant.

### ***FILLING POSITION TO STATE BODIES***

The positions are work places that imply the powers and responsibilities with regard to management bodies and coordinating the work in it. According to the estimation of the powers and scope of responsibility that each position has given the regulations on the work of the organs where the position is, the positions are classified into five groups. The positions can be filled without competition and with the organization of internal or public competition. Candidates for the position must have acquired higher education at the second level studies (graduate academic studies - master, specialized academic studies, specialized professional studies), or at undergraduate studies lasting at least four years and at least nine years of professional experience. Without organizing the competition, the government sets the position of Deputy Minister, Ministry Secretary, Directors of Administration in the ministry, assistant director of administrative authority within the ministry, the director of a special organization, deputy and assistant director of a special organization, the director of Department of the Government, Deputy and Assistant Director of Government services, Deputy and Assistant Secretary General of the Government, the Republic public Attorney, the Deputy Republic Public Attorney and the Chief administrative District. Filling positions in state bodies shall be organizing an internal

or public competition. The Civil Service Act specifically provides electoral procedure for the case where the position is filled by the Government, unlike other state bodies. The difference in the election procedure has been initialized in these two situations is when the position is filled by the Government of the internal competition is compulsory, while in other state bodies can be implemented immediately to public competition. When the position is filled by the Government of the internal and public vacancy advertised Human Resources Management Service. The right to participate in the internal competition has only civil servants from state administration bodies and Government services that are already in position, which is the elapsed time in which they are situated, who submitted his resignation to the position, or where the position was abolished. It is also a condition that is required when applying to internal competition that a civil servant who competes in the past two years, estimated grade "particularly stands out". The election procedure is conducted by a selection committee, which in each case appointed by the High Civil Service Council among its members and between experts in different areas, one of which may be a civil servant from a state body in which the position is filled. Upon completion of the electoral procedure selection board draws up a list of at most three candidates who have the best result meet the criteria laid down for selection. The list of candidates is submitted to the manager or other person authorized person that the Government proposes candidates for appointment to the position. Neither the manager nor the other competent people are bound to the government to propose candidates for appointment to the position, but they are obliged to state the reasons to inform the High Civil Service Council and the Human Resources Management Service. In the event that the Tender Commission determines that no candidate met the criteria prescribed for the election, the government cannot be nominated a candidate for appointment to the position. If the Government has not proposed a candidate for appointment to the position, or if the Government did not submit the proposed candidates, internal competition is considered unsuccessful and implemented new public competition. Against the Government decision on the position is not allowed. Dissatisfied contest participant can initiate an administrative dispute. Upon the finality of the decision on the appointment, the civil servant shall come into position and begins to exercise the rights and duties of the position. After expiry of the set, a civil servant position may be re-appointed to the same position, no internal or public competition.

### ***FILLING EXECUTIVE SOCIAL JOBS***

Contracted posts are all jobs that are not positions, including positions of managers of organizational units in the state authority. ., Contracted posts are filled in a relocation within the same state authority; relocation based on the agreement on the takeover; relocation from another state body following the completion of the internal or public competition and employment if the public tender candidate was not a civil servant. The position is always filled by appointment. "(Law on Civil Servants" RS Official Gazette ", no. 79/2005, 81 / 2005- corr., 83/2005 - corr., 64/2007, 67/2007 - corr., 116 / 2008). Contracted posts are divided into titles, such as the description of all activities of the workplace application of criteria for assessing workplace: the complexity of tasks, independence in work, responsibility, business communication

and competence. Titles determined by the Civil Servants Act are senior advisors, independent advisors, advisors, junior advisors, associate and junior associate, officers and junior officers. The Civil Service Act prescribes the competence and specific requirements for admission to employment. The title of senior advisors work out the most complex operations that significantly affect the determination of policy or obtaining results in some areas within the scope of state organs, which require creative ability, initiative and a high degree of expertise, independence and experience. To work in jobs as a senior advisor civil servant must have acquired higher education at the second level studies (graduate academic studies - master, specialized academic studies, specialized professional studies), or at undergraduate studies lasting at least four years and at least seven years professional experience. In the rank of an independent advisor working to complex jobs that require specialized knowledge and experience, analytical skills, work independently without supervision supervisor and decision making in complex cases with only general guidance and instructions of the superior. To work in jobs as independent adviser civil servant must have acquired higher education at the second level studies (graduate academic studies - master, specialized academic studies, specialized professional studies), or at undergraduate studies lasting at least four years and at least five years professional experience. In advisor to work out complex tasks that are usually precisely defined and include implementation of the specified methods, procedures or professional techniques with a clear framework of independent action, with occasional supervision of the superior. Jobs require the ability to solve problems without individual directives assumed and assumed by paying only when the problem is complex and requires additional knowledge and experience. To civil servant was elected to the post of advisor is necessary to have acquired higher education at second level studies (graduate academic studies - master, specialized academic studies, specialized professional studies), or at undergraduate studies lasting at least four years and at least three years professional experience. The title of junior counselors work out complex tasks that require application of the established working methods, procedures or professional techniques within a precisely specified performance framework, with regular monitoring of the supervisor, and make decisions based on existing practice or general and specific instructions of superiors. Jobs require the ability to solve minor technical or procedural problems. To work in jobs in the title of junior counselors civil servant must have acquired higher education at the second level studies (graduate academic studies - master, specialized academic studies, specialized professional studies), or at undergraduate studies lasting at least four years and completed an internship or at least five years of service in state bodies. The rank of associate work is less complex jobs involving restricted circle of interrelated different tasks and require the ability to self-application of established methods, procedures or professional techniques, with general guidance and instruction and periodic supervision of the line. To work in jobs with the title of associate civil servant must have acquired higher education with the first degree (undergraduate studies, basic applied studies) or at studies lasting up to three years and at least three years of professional experience. Civil servants in the title of junior associates are responsible for less complex tasks that are precisely defined and include implementation of the specified methods, procedures or professional techniques with the ability to solve routine problems, with general and individual instructions and regular monitoring of the supervisor. To work in jobs in the title of junior assistant civil

servant must have acquired higher education with the first degree (undergraduate studies, basic applied studies) or at studies lasting up to three years and completed an internship or at least five years of service in state authorities. Civil servants in the position of clerk performing administrative, technical and other mostly routine tasks that include a wide range of tasks and require the knowledge and the application of simple work methods or procedures, and work independently and with periodic monitoring of the supervisor. To work in jobs with the title of officer a civil servant must have completed secondary school and at least two years of professional experience. Young officers are working administrative, technical and other routine tasks with a limited circle of similar tasks that may require knowledge and application of simple work methods or procedures, with periodic monitoring of the supervisor. To work in jobs in the title of junior clerk civil servant must have completed secondary school and completed an internship. Before filling contracted posts in the Civil Service and Government services, the manager makes a decision on filling contracted, which is submitted to the Office of Personnel Management. With the solution the Service shall be submitted and evidence that the conditions for filling executorial workplace and statements of manager of whether the contracted posts are filled by transfer of civil servants from the same body or by transfer based on the agreement on the takeover or internal competition. If the head of the civil administration or Department of the Government stated that the contracted to fill the internal competition, the Service is delivered with the solution and all information necessary to advertise the internal competition. Upon receipt of these documents, the Service determines whether the conditions are met for filling Executorial workplace and notify the head of the State Administration or Department of the Government within three days from the day it received the decision on filling contracted. When filling contracted advantage of a transfer of the civil servant from the same state body, with promotion or without it. If the job does not fill the transfer, the operator can carry out the download process of a civil servant from another state body. To civil servant has taken no contest in another state body, it is essential that such an agreement managers who manage the state authorities and the civil servant agrees to it. A civil servant may be taken to another state body to the position that was classified at the same, directly below or next higher grade. To be taken in another state authority in the workplace is classified in the immediately higher position, the civil servant must meet the requirements for promotion. If the manager decides that the workplace does not fulfill either the relocation based on the agreement on the takeover, can be implemented internal competition, and if the internal competition has not been implemented or has failed, make sure there is a public competition. Based said so far, we can observe the primacy of transfer and acquisitions in relation to the implementation of the competition in order to fill job positions in state bodies. Internal competition is conducted if the appointing authority decides if the position is not filled by transfer of a civil servant within the same body or by transfer based on the agreement on the takeover. The internal competition is open only to civil servants in the public administration and Government services. Internal vacancy advertised Resource Management Service within eight days of receiving the decision of the manager of the filling contracted. Advertising is done on the website and on the notice board in the premises of state authorities and Government services which are to be filled the contracted. Implementation of internal competitive performs a selection board appointed by the



head of the state body that announces a competition. After successful completion of the internal competition, the appointing authority where the position need to be filled, shall issue a decision on transfer of civil servants in the state body. Candidates who participated in the electoral process, and not elected may appeal the decision on transfer. However, on the other hand, if there are no one of the candidates who participated in the electoral process, did not fulfill the criteria laid down for selection, the internal competition failed. In this situation and if The contracted previously filled by transfer of a civil servant within the same organ or relocation of civil servants on the basis of an agreement on the takeover, carried out an open competition. "A public tender advertised by the state administration that fills position on its website, the website of the Human Resources Management Service, the e-government portal, on the bulletin boards, websites and periodicals adverts National Employment Service. Public competition is carried out commission appointed by the governor, by applying the provisions of this law on the appointment of the selection committee for the implementation of internal competition. "(Law on Civil Servants" RS Official Gazette ", no. 79/2005, 81 / 2005- corr., 83/2005 - corr., 64/2007, 67/2007 - corr., 116/2008). A public announcement in all state bodies shall be implemented if the civil service employment receives an intern. A public competition contains information about the state body, the workplace, the terms of employment in the workplace, place of work, professional qualifications, knowledge and skills that are evaluated in the selection procedure and method of their verification, the period within which the application is submitted, name of the person responsible for giving notice of the public tender, the address to which applications are submitted, details of the evidence to be submitted with the application, the place, day and time when it will be done to check the competence, knowledge and skills of candidates in the electoral process. The deadline for submitting applications to tender shall begin to run on the day following, when a public competition featured in the "Official Gazette of the Republic of Serbia" and can not be shorter than eight days. In that period, interested candidate submitted applications for the public tender with original or certified copy of a certificate of citizenship, a birth certificate, proof of appropriate qualifications, evidence of work experience and other evidence of fulfillment of prescribed conditions for work at the workplace that completed. The possibility of participating in a public competition have civil servants instead of forward proof of citizenship and birth certificate submitted a decision on the deployment or moved to the position of the institution which employs or solution that is unallocated. As in the case of an internal competition, public competition is carried out commission appointed by the governor. The jury shall be formed immediately after the decision to announce a competition for admission of new workers. The Commission is authorized to collect and review the application, determines which candidates meet the requirements and propose a candidate. The electoral procedure in an open competition is carried out when a selection board compile a list of candidates who meet the requirements for employment in the workplace. For evaluating professional qualifications, knowledge and skills in order to determine the candidates according to the criteria laid down for the selection, election procedure can be implemented in multiple parts, a written examination, verbally interview or in another appropriate way. If in the electoral process conducted in writing checks, and checks when candidates are notified of the place, day and time when it will be made an verbally interview with the candidates. Candidates who have been the top

scorer fulfill the criteria laid down for the selection of a selection board admitting the selection list and the list submitted to the head. The head of the state body from the list will select candidates for admission to employment. In case the selected candidate is not a civil servant, the manager makes a decision on his admission to employment, and if the candidate is already a civil servant, the manager makes a decision on swapping. Unlike other employers, the state authorities can not conclude the employment contract as an expression of agreement of the contracting parties, the employee and the employer for employment. The legal basis for employment in state bodies is a solution that is unilateral legal act of a state body. Decision on the employment relationship has a personal name of the candidate, the name of the state body which receives and job title to which it is allocated. Download decision on the employment relationship or the decision on the transfer of selected candidates is possible in the premises of the state body from the date of publication of decision on the notice board of the competent authorities, no later than the deadline for appeal. The selected candidate shall come into operation within eight days from the finality of the decision on employment or the decision on the transfer, unless his manager for justifiable reasons not to extend the deadline. If the selected candidate does not come to work within a set time limit, it is considered that a decision on recruitment or on transfer is delivered, and the manager may choose another candidate from the shortlist. From the date of entry into operation, the selected candidate is entitled to rights and duties arising from employment in the state body in which it is received or transferred. Decision on the employment relationship or a decision on transfer shall be submitted to all candidates who participated in the electoral process to the address indicated in the application for the competition. Candidates who participated in the election process shall be entitled, under the supervision of an official state body, reviewed all the documentation of a public competition. In the case of perceived irregularities that could affect the objectivity of the outcome of the electoral process or the existence of reasonable doubt that the selected candidate does not meet the requirements for employment in the workplace, the candidate who participated in the election process shall have the right, within eight days of receipt of the decision lodge an appeal. The right of appeal exists even when the competition commission rejected untimely conclusion, unauthorized, unintelligible or incomplete applications and applications that are not accompanied by all the necessary evidence. Unlikely situation, but it is possible that the vacancy fail if the selection board determines that is no candidate who participated in the electoral process did not fulfill the criteria laid down for selection. The fact that a public competition has failed, informs all the candidates who participated in the electoral process. If public tender was unsuccessful job can not be filled in, but the manager may decide to re-implement the process of completing the work place.

### ***TERMINATION OF EMPLOYMENT OF CIVIL SERVANTS IN ACCORDANCE WITH THE LAW ON AMENDMENTS TO THE LAW ON BUDGET SYSTEM OF THE YEAR 2013***

Public authorities are users of public funds. Budget Law defines the structure of personnel plan of state organs. On Article 156 of the Civil Service Act states that the staffing

plan shall be made within 30 days of the adoption of the budget law, and in accordance with the funds that have been provided in the budget of the Republic of Serbia. Conditionality personnel plan budget funds, contributions to the question of optimizing the number of employees is always more or less topical. In previous years, this process is particularly fueled by economic and social crisis, problems in financing public needs, randomized, employment etc. Reducing the number of employees aims to cheaper, more efficient and less numerous administration whose organizational scope and size more appropriate scope, subject and type of activities performed by; reducing pressure on public spending and budgetary resources; introducing transparency in employment. For this purpose on the national level, in December 2009, the law was passed to determine the maximum number of employees in the Republican administration. In this regard, the adoption of law is continued, the Law on Amendments to the Law on Budget System. Law on Amendments to the Law on Budget System, was adopted by the National Assembly of the Republic of Serbia to the sixth session of the Second Regular Session in 2013, 6 December 2013. It was published the same day in the Official Gazette of the Republic of Serbia, number 108/13, and how discussed and adopted by an emergency procedure came into effect as early as 7 December 2013. That law was passed in order to reduce the fiscal deficit and public debt, and to ensure economic and financial stability and creating the environment for economic growth and competitiveness. In this regard, Article 1 of this law is, among other things, users of public funds prohibits employment with new faces, in order of filling vacant or vacant jobs by the end of 2015. Exceptionally, the employment of new faces as possible with the consent of Government bodies, on the proposal of the ministry or other competent authority, upon prior opinion of the Ministry. Moreover, the law stipulates that the total number of employees at a certain time because of the increased workload of persons engaged on contract work contract, temporary jobs, through student and youth cooperatives and persons engaged on other grounds, in public funds, not can not exceed 10% of the total number of employees. This provision is applicable from 1 March 2014. Exceptionally, this percentage may be higher, with the agreement of the bodies of the Government, at the proposal of the ministry or other competent authority, upon prior opinion of the Ministry. The procedure for obtaining approval for new employment and further engagement, arranged by the Regulation on the procedure for obtaining approval for new employment and further engagement in public funds. ("RS Official Gazette", no. 113/13, 21/14, 66/14 and 118/14) of the said Regulation are certain cases in which applying for new employment and further engagement, as well as cases in which an application not submitted, then the form for submitting requests, deadlines for submitting applications and for dealing with petitions, etc. It should be noted that Article 5 of this law leaves the possibility that proceedings have been initiated in order to fill jobs in public funds, which were not completed until the day of entry into force of this law, may also continue, with the agreement of the bodies of the Government, at the proposal of ministries or other competent authority, upon prior opinion of the Ministry. The provisions of the foregoing law, relating to the prohibition of employment with the new entities for filling vacant or vacant positions in public funds by the end of 2015 and the provisions of Article 5 of this Law shall not apply to: judges, prosecutors and deputy public prosecutors, teaching staff of higher education institutions and scientific research personnel and scientific research organizations accredited in accordance with the law, the elected, appointed and designated persons in state bodies and bodies of territorial autonomy and local self-government, as well as directors of public companies, societies capital, institutions and public agencies founded by the Republic of Serbia or units of territorial autonomy and local self-government. Also, do

not apply to employees of the National Assembly and the independent state bodies and organizations, elected by the National Assembly. For users of public funds which do not comply with the provisions adopted, would penalize. The public happiness are different views on the prohibitions of employment. There has been a view that is necessary to pass a law if it is to reduce the fiscal deficit and public debt. He is a confrontation with reality, the recognition of the problem and necessary step towards solving this problem. There is the necessity of establishing a control system of employment and observing the actual number of employees because of the fact that employment in the previous period and taken to a rather uncontrolled way, or not carried out in accordance with the real needs of employees. However, it should be noted that the ban on employment is not consistently applied in practice. Of a time of its entry into force until now, the public sector employs several thousand people.

## ***CONCLUSION***

The Law on Civil Servants in the Republic of Serbia in 2005, among other things, de jure and de facto established a new system of labor relations of employees in the state administration. As all the regulations complex array of nature, such as this one, always produces a range of substantive consequences of this situation, there is an after adoption of the said law. There are many specifics of civil service employment (in general, and in relation to the standard employment which, in the case of legislation of the Republic of Serbia, contains much less public law elements) arising from the peculiarities of state administration and other public services. One consequence of specific features is the adoption of the Law on Amendments to the Law on budget system and, within it, the prohibition of employment with the new entities for filling vacant or vacant positions in public funds by 31 December 2015. The law is the theme of relations between civil servants underwent additional current. The professional and scientific circles, and the general public, there were many doubts (regarding the deliberate non-application of restrictions, potentially negative consequences for the provision of the required human resources, due to potential mismatches the quality and quantity of employees with work requirements, etc.). The prohibition introduced by this law is limited in time and therefore will not have a long-term and systematic character. It is indisputable that the state of Serbia, required a professional, accountable civil service system which will be further improved. Further improvement criteria and standards in the public administration (particularly in terms of employment), will lead, among other, to optimizing the number of employees in public administration and public services. Law on Amendments to the Law on budget system is a regulation that has positive consequences in terms of the principle of economy in said areas. These implications are time-limited possible positive effects so we expect that legislators will soon issue regulations that will make the establishment of quality (which is significant) and quantitative criteria for greater efficiency and economy of the state administration and public services in the Republic of Serbia.

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# **PROHIBITION OF DISCRIMINATION AND PREVENTION OF ABUSE AT WORK AS A RIGHT AND OBLIGATION SERBIAN LEGISLATION**

Vladimir Kozar PhD<sup>41</sup>

Vesna Bilbija MSc<sup>42</sup>

## **ABSTRACT**

*The topic of this paper is a review of the changes that have affected the world of work, deviations that have occurred due to these changes and also the need to invest more effort in creating and maintaining a healthy working environment. In modern business operating conditions, the expectation of a guaranteed job has disappeared and it has been replaced with a requirement that the employee again and again proves himself/herself on the competitive and demanding market. The fear of losing their jobs, quite demanding tasks that also carry greater personal responsibility, the pressures due to which competition among employees is created, which, if not channeled, has no driving power but causes a distrust among colleagues and personal insecurity - are a sure way to mobbing and discrimination. In the context of European integrations, there has been great progress in improving the legal and institutional framework for combat against discrimination in the Republic of Serbia. The dynamics of the passing of anti-discrimination laws has an upward trajectory, indicating that the harmonization of national normative framework in the field of protection against various forms of discrimination gained the due attention. The prohibition of discrimination and the prevention of abuse at work are subject to the regulation of the parent Labour Law and a special Law on Prevention of the Abuse at Work. With the formation of the normative framework, prevention has an important factor in the suppression of mobbing and discrimination, as well as creation of social conditions conducive to the establishment of the system of values in which equality and mutual tolerance represent values that society consciously accepts and were differences among people are appreciated and understood as its wealth and potential for development.*

**Key words:** Law, Discrimination, Abuse, Prohibition, Protection

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<sup>41</sup>Vladimir Kozar, Law Faculty of Economics and Judiciary of the University Business Academy in Novi Sad kozarv@yahoo.com

<sup>42</sup>Vesna Bilbija, Public Enterprise "Serbian Post" arbitrator-mediator with the Republic Agency for Peaceful Settlement of Labour Disputes, Subotica, Serbia, vesna\_bilbija@yahoo.com

## ***INTRODUCTION***

Most people spend a significant part of life at work; it is a fact about which there is almost no disagreement. New technologies require of an individual to "keep up" with the progress of information technology, it is difficult or almost impossible to fulfill, given the rapid pace of technological progress. Inevitable changes in the sphere of work also assume the introduction of new working hours - flexible working hours and new forms of work - teamwork. It is obvious how much the above statement affects the change of relations and atmosphere in the workplace. However, we see that flexible working hours actually mean not having limited working hours, because, practically, people work all day. New forms of work include completely new relationships with colleagues and even more with superiors, which can easily lead to a deterioration of human relationships and the general working climate. Are individuals, employers or the state ready for the changes that have affected the world of work? Or they found themselves in them. There is hardly any business or other organization that has a ready strategy to respond to this challenge (Bilbija, 2014, pp. 385-386). The individual, therefore, has to find a way how to solve new situations at work, in order to cope with the newly established relations and conflicts with colleagues, and eventually, conflict with himself/herself. The fear of losing their jobs, quite demanding tasks that also carry greater personal responsibility, the pressures due to which competition among employees is created, which, if not channeled, has no driving power but causes a distrust among colleagues and personal insecurity - are a sure way to mobbing and discrimination. Passive conduct of the employer can be sustainable only in the short term. The pressures that business should not be guided only by the interests of the shareholders are getting bigger and socially responsible business operating represents a sphere where the interests of capital owners collide with the interests of the community, an unlimited economic growth and equitable and sustainable development. The importance of the problem is represented by the fact that the socially responsible business operating has become the subject of international standardization and that the European Union conditions trade with countries that have joined it or intend to do so particularly by this (Prelević, 2011, pp. 36-55).

Weapons of the state are laws. Firstly normative framework - passing of laws - general and special and then the creation of the conditions for their implementation. Passing the law does not solve the problem itself. If the application of the law fails, we talk about the law which remains a "dead letter".

## ***THE NORMATIVE FRAMEWORK IN THE REPUBLIC OF SERBIA***

The provisions of more substantive and procedural laws in the Republic of Serbia regulate the world of work, ie the rights, obligations and responsibilities arising from employment. Let us start with the act of the highest legal power. The Constitution of the Republic of Serbia (Official Gazette of RS, no. 98/2006), Article 60 stipulates that everyone has the right to respect their personality at work, safe and healthy working conditions, necessary protection at work, limited working hours, daily and weekly rest, paid annual leave, fair remuneration for the work and the legal protection in case of termination of employment. No one can waive these rights.

Achieving full harmonization of labour law of the Republic of Serbia with international standards of the United Nations, the International Labour Organisation, the Council of Europe and the European Union, requires a high degree of legislative involvement. The dynamics of labour law is indisputable. The current Labour Law (Official Gazette of RS, no. 24/05, 61/05, 54/09, 32/13 and 75/14) was repeatedly amended, last time in July 2014. Judging by its formal appearance, the legal framework of the Republic of Serbia has already been moving towards European integrations for twenty years. Thus, by getting involved in the market affairs, a new legal framework of the Serbian economy should include new ownership and institutional environment, whereby many obstacles must first be removed and a number of assumptions created (Vasiljević, 2014, pp. 13-34).

Labour law is particularly sensitive to the changes occurring in the economic sphere. This particularly applies to economic and financial crisis, which face the countries with the need to reduce costs and solve the problem of mass unemployment and employers with challenges of business continuity, restructuring and collective dismissals. Although the economic crisis may be a legitimate reason for changing employment legislation in order to limit costs, these changes may not have the effect of employees' excessive insecurity and violation of their basic social rights (Kovačević, 2014, pp. 501).

Labour Law has the status of a general law, it is applicable to all employees and all employers, meaning that in the absence of special legislation it applies fully and immediately, whereas, if an area is regulated by a special law, it is applicable in a partly and subsidiary manner.

Positive labour legislation in the Republic of Serbia includes special laws governing labour relations in state bodies and public sector, such as the Law on Labour Relations in State Bodies (Official Gazette of RS, no. 48/91, 66/91, 49/99-other law, 34/01 -other law, 39/02, 49/05-Decision of the Constitutional Court of the Republic of Serbia, 79/05-other law, 81/05-correction of other law, 83/05-correction of other law and 23/13 - Decision of the Constitutional Court), The Law on Civil Servants (Official Gazette of RS, no. 79/ 2005, 81/2005, 83/2005, 64/2007, 67/2007, 116/2008, 104/2009 and 99/2014), Law on Salaries of Civil Servants and employees (Official Gazette of RS, no. 62/2006, 63/2006, 115/2006, 101/2007, 99/2010, 108/2013 and 99/2014), The Law on Salaries in Government Agencies and Public Services (Official Gazette of RS, no. 34/2001, 62/2006, 63/2006, 116/2008, 92/2011, 99/2011, 10/2013, 55/2013 and 99/2014). Further, the Law on Peaceful Settlement of Labour Disputes (Official Gazette of RS, no. 125/04 and 104/09), Law on Volunteering (Official Gazette of RS, no. 36/10), Law on State and Other Holidays in the Republic of Serbia (Official Gazette of RS, no. 43/01, 101/07, 92/11) represent special laws regulating certain aspects of the world of work. Also, the fields of safety and health at work are legally regulated. (The Law on Safety and Health at Work, Official Gazette of RS, no. 101/05).

In the context of European integrations, there has been great progress in improving the legal and institutional framework for combat against discrimination in the Republic of Serbia. The dynamics of the passing of anti-discrimination laws has an upward trajectory, indicating that the harmonization of national normative framework in the field of protection against various forms of discrimination gained the due attention. The rule on prohibiting discrimination was registered in all the international documents on human rights, as well as in the constitution of almost all countries of the world. The Constitution of the Republic of Serbia contains a general constitutional norm on the



prohibition of discrimination (Art. 21), which establishes that before the Constitution and the law, everyone is equal and everyone has the right to equal legal protection, without discrimination, that any discrimination, direct or indirect, is prohibited, on any grounds, particularly based on race, sex, national origin, social origin, birth, religion, political or other belief, property status, culture, language, age, mental or physical disability. Gender equality is guaranteed in Article 15, and the prohibition of discrimination of national minorities is regulated by Article 76 of the Constitution of the Republic of Serbia.

The general anti-discrimination law in the Republic of Serbia was adopted in 2009. Thus, Law Against Discrimination (Official Gazette of RS, no. 22/09) regulates the general prohibition of discrimination, forms and cases of discrimination, as well as the procedures for protection against discrimination, and it establishes the Commissioner for the Protection of Equality, as an autonomous state body, independent in performing the tasks set forth by the law. In its Art. 16 the Law prohibits the discrimination in the field of labour, ie the violation of equal opportunities for establishing employment or enjoyment, on equal terms, of all rights in the field of labour, as the right to work, to free choice of employment, the right to promotion in service, to professional training and vocational rehabilitation, to equal pay for work of equal value, to just and favorable conditions of work, to holidays, to education and membership in the union. Then, a group of anti-discrimination laws belongs to the Law on Gender Equality (Official Gazette of RS, no. 97/08) which by Article 11 obliges the employer to ensure equal opportunities and treatment in connection with the exercise of labour rights from employment and based on work in accordance with the law governing the labour to all employees regardless of the gender. Law Against Discrimination of Persons with Disabilities (Official Gazette of RS, no. 33/06) Articles 21-26, prohibits discrimination because of disability in respect of establishing an employment and employment.

At this point it is necessary to mention the Law on Protection of Personal Data (Official Gazette of RS, no. 97/08), which prohibits the collection, use and processing of "particularly sensitive data", which is a common case of violation of privacy, when, under the "verification" of working abilities, the check of personality is performed, regarding religion, political or other beliefs, social and family status (particularly with women in childbearing age). Labour Law, article 26, protects the same rights, but selectively, only with establishment of the employment. In view of the above stated, the Law on Protection of Whistleblowers was passed (Official Gazette of RS, no. 128/2014). The commitment of the Republic of Serbia for a decisive fight against corruption, which involves the creation of a regulated normative framework, system development and strengthening of institutions as a prerequisite for an effective fight against corruption, requires the adoption of a comprehensive law that regulates the field of the protection of whistleblowers. The lack of coherent regulation of this issue through a number of different laws, none of which included in a comprehensive manner all issues related to the protection of whistleblowers, used to represent a big deficiency in the former approach to this matter.

## ***THE LAW ON PREVENTION OF ABUSE AT WORK***

It is not disputed that the legislation of the Republic of Serbia has implemented a multitude of quality regulations, which protect the life and health of workers, however, the *bona fides* with their implementation is disputed. As for the practical aspects of the implementation of the said rights, there is an obvious stagnation. In practice, we face the most primitive forms of threats to all aspects of human rights at work (Kovačević-Perić, 2011, pp. 564). The adoption of the Law on Prevention of Abuse at Work and the adoption of the Regulations on the rules of conduct of the employer and employees regarding the prevention and protection of employees (Official Gazette of RS, no. 62/10) in the Republic of Serbia created the conditions for operationalization of protection against mobbing.

Abuse at work is often called "the disease of modern communication" at work. However, this phenomenon is not a modern attainment. Abuse at work or mobbing, is phenomenologically much older. Mobbing has always existed in the relations of communication at work, only the global flows provided favorable conditions for its momentum (Kovacevic-Peric, 2011, pp. 553). As a result, *comfortable working environment* against a *hostile work environment*, become the object of attention of the scientific community and the legal regulation.

As a legally and economically superior side in the employment, it is the employer's obligation to create a healthy and safe working environment. The employer is obliged, in order to create the conditions necessary for a healthy and safe working environment, to organize work in a manner that prevents the occurrence of abuse at work and in relation to work and the employer, ie the responsible person or employees of the employer, should provide employees with working conditions which will not be subject to harassment at work in connection with the work. The employer is responsible for the damage that the responsible person or employees in performing harassment cause to another employee with the same employer. An employer who has compensated the damage caused by the responsible person or employees shall be entitled to ask that person or employee to repay the amount of the damages paid. The responsibility of the employer for damages caused by its employee, as well as its right and duty to, upon the payment of damages to a third party, address with the reimbursement request to the employee who had caused the damage, is governed by the provisions of the Labour Law and the Law on Contracts and Torts. The difference is that both the compensated "third" person and the person who caused the damage - are employed with the employer.

Therefore, any form of abuse at work and in relation to work is prohibited, as well as the abuse of right to protection against abuse.

Abuse is any active or passive behavior towards an employee or group of employees with the employer that is repetitive and which is aimed at or represents the injury of dignity, reputation, personal and professional integrity, health, status of the employee and which causes fear or creates a hostile, humiliating or offensive environment, deteriorates working conditions or causes the employee to isolate himself/herself or makes the employee to terminate the employment, work contract or other agreement at his/her personal initiative. Also, the abuse is the encouragement or incitement of others to such behavior. An employer in capacity of a natural person or a

person authorized by the employer with the status of a legal entity, an employee or group of employees of the employer who perform the described abuse, ie incite or encourage the others to do so, are considered to be the perpetrators of the abuse.

The first obligation of the employer is to inform the employee in writing before the entry into work on the prohibition of abuse and the rights, obligations and responsibilities of the employee and the employer in connection with the prohibition of abuse. In connection to this it is also the employer's commitment to, in the aim of identifying, precluding and preventing the abuse, implement measures of informing and training employees and their representatives to identify the causes, forms and consequences of abuse. This preventive measure is completely new legal solution, and how much importance is given to prevention by the law can be seen through the fact that the penal provisions provide that the neglecting of this obligation constitutes an offense punishable by a fine.

Contrary to the determined obligation for some people, for the others there is - law. And vice versa. Therefore, an employee is entitled to be informed in writing with the prohibition of harassment and the rights, obligations and responsibilities of the employee and the employer in connection with the prohibition of abuse. An employee is entitled to be provided with the protection by the employer of the conduct constituting an abuse. On the other hand, an employee is obliged to refrain from conduct that constitutes an abuse and conduct that constitutes an abuse of the right to protection against harassment. An employee who performs the abuse, as well as employee who abuses the right to protection against abuse is responsible for the disrespect of work discipline, ie for the breach of the work duty. Abuse of the right to protection against abuse is performed by an employee who is aware or must have had been aware that there have been no reasonable grounds for the initiation of the proceedings for protection against abuse and who launches or initiates this proceedings with the aim to acquire for himself/herself or another person a tangible or intangible benefit or inflict damage to another person.

An employee who becomes aware of conduct for which it is reasonably believed to constitute abuse has the right to initiate proceedings for the protection against abuse by notifying the person authorized for the submission of the request for the initiation of this proceedings, as provided in Art. 12. I would agree with the interesting comment of this law where the Einstein's quote was used: "The world is a dangerous place, not because of the people who do evil but because of those who watch this without doing anything". An employee has the right, but not the obligation to initiate proceedings for protection against abuse, but he/she cannot do it independently, or without the consent of the employee who is considered abused. This measure could be a good measure designed to stop abuse, often at the very beginning, without an adverse effect occurrence, but in particular, current working conditions it can hardly come to life (Kićanović, 2011, pp. 33).

## ***THE PROCEDURE FOR PROTECTION AGAINST ABUSE WITH THE EMPLOYER***

Very important features of this procedure are the urgency and secrecy. If the responsible person in the legal entity, ie employer in the capacity of a natural person is not charged with the abuse, an employee who believes that he/she is subjected to abuse submits a reasoned request to initiate proceedings for protection against abuse directly to that person. With the written consent of the employee who believes to be exposed to abuse, the request may also be submitted by a representative of the union, person in charge of health and safety at work, employees' representative for safety and health at work or Committee for Safety and Health at Work. We have already stated that also in the case when the responsible person in legal entity is charged with abuse, ie employer with the status of a private entity, the employee who finds that he/she is exposed to the harassment may submit a request for the initiation of the the mediation proceedings directly to that person. However, he/she does not have to do this, but he/she may, without submitting a request to initiate mediation proceedings with the employer, initiate proceedings before the competent court. The deadline is the same as the deadline for initiating the proceedings for protection against abuse with the employer, which is six months from the date when the abuse was made, whereby the period begins to run from the date when conduct constituting abuse was last performed.

The employer shall propose to the parties in the dispute the mediation as a way of resolving a dispute within three days of the receipt of the reasoned request for the initiation of proceedings for protection against abuse. An employee who believes to be exposed to abuse, an employee who is charged with abuse and a representative of the employer, ie the employer and the employee who believes to be exposed to abuse have the deadline of three days to reach an agreement on appointment or choice of a person to conduct the mediation proceedings.

The mediator or a person who enjoys the confidence of the parties can be determined from a list of mediators maintained by the employer - in accordance with a collective agreement or with the body, organization or institution for mediation - in accordance with the law. The mediator may also be selected from a list of mediators of social and economic council made on a proposal from the social partners, as well as from the list of citizens' associations whose objectives are focused on the mediation affairs, ie protection against abuse. A mediator is a neutral person who mediates between the parties in the dispute to resolve their controversial relationship, he/she is required to act independently and impartially.

The mediation proceedings is conducted in a way that the mediator helps the parties in dispute to reach an agreement. In the mediation proceedings, at the request of the parties in the dispute, a representative of the union can participate. The parties may agree on how the mediation proceedings will be conducted, and if the parties fail to reach an agreement on how to implement the proceedings, the mediator will conduct the mediation proceedings in a way that he/she considers appropriate, given the circumstances of the disputed relationship and interests of the parties in the dispute, which means that he/she can organize joint and separate meetings with the parties in the dispute, as well as with the consent of one party convey and present proposals and attitudes on specific issues to another party.

The mediator may make suggestions for the possible ways to resolve the dispute, but he/she can not impose a solution to the parties in the dispute.

Mediation proceedings is ended within eight working days from the date of appointment, or selection of a mediator (the deadline for completion of the mediation proceedings can be extended to maximum of 30 days for justified reasons) in one of the following three ways:

1. by the conclusion of a written agreement between the parties in the dispute;
2. by the decision of a mediator, after consultation with the parties, that the proceedings is to be discontinued, as further proceedings is not justified or
3. by the statement of a party in the dispute on withdrawing from the further proceedings.

In the case of the referred cease and desist, as well if the parties in the dispute do not appoint or choose a mediator, it is considered that the mediation proceedings has failed. When a mediator was not specified or selected, obligation on the notification of the parties in the dispute that the mediation proceedings has failed belongs to the employer, and in other cases the notification is the obligation of the mediator.

Desirable completion of the mediation proceedings is the achievement of an amicable settlement, ie a conclusion of a written amicable agreement between the parties. Such an amicable agreement particularly contains measures aimed at the cessation of behavior that represents abuse, ie exclusion of the possibility of continuing such behavior. The fact of the agreement reached in the mediation proceedings depends on the will of the parties of the dispute, if the agreement covers settlement of behavior in their mutual relationship. The agreement may contain recommendations to the employer in terms of eliminating the possibility of continuation of the abuse (transfer of the employee to a different work environment or other measures concerning the status and rights of the parties to the dispute), that an employer can accept if they are in accordance with the law and its business policy.

The employer shall, if the mediation proceedings fails, and there are reasonable grounds to suspect that the abuse was committed or that the right to protection against abuse was abused, initiate the proceedings for establishing the responsibility of the employee for the disrespect of work discipline, ie the breach of the work duty, in accordance with the law. In this case, in addition to the sanctions laid down by law, an employer may warn the employee, may impose a measure of suspension from work of four to 30 business days without wage compensation or a measure of the permanent relocation to another work environment - to the same or other duties, ie workplace, in accordance with the law. If the employee who, due to the exercise of abuse, was imposed some of these measures within six months commits an abuse once again, the employer may terminate his/her employment contract, ie impose a measure of the termination of employment, in accordance with the law.

The law also stipulates measures for the prevention of abuse until the completion of the proceedings, if the employee who considers himself/herself exposed to the abuse, according to the opinion of the occupational health services, is threatened by direct danger to the health or life or if he/she is in danger of occurrence of irreparable damage (transfer to a different work environment of an employee who has been charged with assault to the same or other duties, ie workplace or suspension from work with compensation of salary, in accordance with the law), ie it stipulates the right of an

employee who in the opinion of the occupational health services is threatened by direct danger to the health or life to refuse to work if the employer does not take any measure to prevent abuse until the completion of the proceedings. A mediator may also submit to the employer the initiative for the determination of measures to prevent abuse until the completion of the proceedings, if he/she finds that there is the risk of occurrence of irreparable damage to an employee who believes to be exposed to abuse.

The protection of participants in the proceedings is a prerequisite for its successful implementation. Art. 27. Law on Prevention of Abuse at Work has determined it as follows: initiation of the proceedings for protection against abuse, as well as participation in the proceedings can not be the basis for: placing an employee in a less favorable position with regard to the exercise of rights and obligations regarding work, initiation of the proceedings for determining disciplinary, financial and other responsibilities of the employee, termination of work contract or termination of employment or other contractual relationship on the basis of work and declaration of the employee as a surplus of the employees, in accordance with the regulations governing the work. An employee who presents to the competent state authority the violation of the public interest established by law, caused by the employer, and who reasonably suspects that he/she will be exposed to abuse also has this protection, while the employee, who in compliance with the law establishes that he/she abused the right to protection against abuse, does not enjoy this protection.

According to the data presented at Interactive seminar of the Republic Agency for Peaceful Settlement of Labor Disputes, which was held on 26.12.2014., since entry into force of the Law on Prevention of Abuse at Work, as much as 90% of cases conducted by this agency have had abuse at work as their subject of dispute. At the same time, the number of pending cases for abuse of the right to protection from abuse at work and cases whose subject is the protection from abuse at work are equal by percentage. The presented data indicate that the legal solution on simultaneous prohibition of abuse at work and prohibition of abuse of harassment was justified. We should note here that the new Law on the Protection of Whistleblowers in addition to the prohibition of whistleblowing prevention, Art. 3, paragraph 1, stipulates that any form of false whistleblowing case should be prevented and sanctioned. Thus the provisions of Art.11 prescribe that the abuse of whistleblowing is performed by a person who:

1. submits information for which he/she knew it was untrue;
2. in addition to requests for treatment in connection with information by which whistleblowing is performed searches unlawful benefit.

## ***JUDICIAL PROTECTION***

Protection against harassment at work can be achieved before the competent court. An employee who is not satisfied with the outcome of the proceedings for protection against abuse with the employer may seek judicial protection, or file a complaint against the employer because of abuse at work or in connection with the work before the competent court within 15 days after delivery of the notice that the mediation proceedings has not been successful

There is no doubt that the conclusion of a written agreement between the parties is the desirable outcome of the mediation proceedings with the employer. In addition to achieving an agreement, the costly, complex, lengthy court proceedings is avoided and the most important effect is reflected in the fact that all participants build a different relationship to the decision - consensus that they themselves have accepted. From the standpoint of motivation for the acceptance and implementation of decisions, immeasurable capital of the mediation as a form of peaceful settlement of the dispute is a decision that the parties in the dispute made together, behind which there is no compulsion, but voluntary acceptance and shared responsibility for its implementation.

Besides because of the harassment at work or in relation to work, the lawsuit is filed against the employer, with the burden of the status of a passively legitimized party, the employer must also suffer the burden of proving in court proceedings. Namely, according to Article 31 of the Law, if during the proceedings the prosecutor made it probable that the abuse was committed; the burden of proving that there was behavior that represents abuse is on the employer. The success of the employer in court proceedings depends on whether or not it is going to be able to prove a negative fact, that something - in this case the abuse at work - does not exist.

This represents an exception to the classic rules on the burden of proving *actori incumbit probatio*, as it is known to the current Law on Civil Procedure (Official Gazette of RS, no. 72/2011 and 55/2014). Namely, the provisions of 231 prescribe the following: if the court on the basis of presented evidence can not establish some fact with certainty, on the existence of the fact the rules on the burden of proving shall apply. The party that claims to have a right bears the burden of proving the facts that is essential for the development and realization of the right, unless otherwise stipulated by law. A party who challenges the existence of a right bears the burden of proving the facts which prevented the formation or exercise of rights, or which due to the law ceases to exist, unless otherwise stipulated by law. Thus, each party bears the burden of proving the fact that is by substantive law in its favour (Kozar, 2011). However, under the influence of anti-discrimination law, the traditional rule on the burden of proving is suffering more and more exceptions (Bilbija, 2015, pp. 14-18). Perhaps it is not a "*probatio diabolica*" but for the employer it will be devilishly difficult to, if during the proceedings the prosecutor made it credible that the abuse was performed, prove non-existence of the relevant facts that the mobbing really occurred. In this court proceedings even the party that succeeds in it can not be called a winner. In expert literature it is emphasized that "in the societies of the highly industrialized Western world, workplaces remained the only battlefield where people can "kill" each other without any risk of being brought to court because of this (Lubarda, 2010, pp. 767). According to the legal definition, mobbing is a systemic, not individual and sporadic harassment of individuals at work. As for the conditions of continuity, there are attitudes that it is questionable that the legal definition requires repetition of abuse. Namely, according to the current legal definition, with "one-time mobbing" there is no duration, frequency and continuity, which are constituent elements of the actions of harassment at work. In this case we could talk about the conflict. The difference between conflict and mobbing is not what is being done and how, but in the frequency, duration and intention. The conflict usually exists between employees with symmetrical relationship in the hierarchy and in most cases it is short-lived. Mobbing is performed systematically and deliberately, and the performer is usually trying to set

up or has a psychological domination over the victim (Kovacevic-Peric, 2010, pp. 222). It is not excluded that the conflict precedes the mobbing and that by solving the conflict the occurrence of mobbing is actually prevented. With mobbing, fear paralyzes the victim, and encourages the abuser. Emotional strengthening of the victim is the first step in the fight against this fear. „*I stopped being silent and getting away, I told her that what she was doing was mobbing and I put on the notice board the newspaper article about mobbing. . .*” (Psychological abuse in the workplace: analysis of the operation of Victimology Society of Serbia Service info and support to victims in 2008, Tripković, 2009, pp. 25). In the same way, the recourse to any other person who enjoys his/her trust is questionable. Namely, the victims of abuse often mentioned that almost no one, in the workplace and in the family, did not believe them or even found them guilty for the situation in which they are (Tripković, 2009, pp. 24).

### ***PROHIBITION OF DISCRIMINATION IN LABOUR LAW***

The prohibition of discrimination is regulated through provisions of articles 18-23 of the Labour Law.

The Law prohibits direct and indirect discrimination against persons seeking employment and employees as well in respect to their sex, origin, language, race, skin colour, age, pregnancy, health status or disability, nationality, religion, marital status, family commitments, sexual orientation, political or other belief, social background, financial status, membership in political organizations, trade unions or any other personal quality. Direct discrimination means any practice caused by some of stated grounds through which a persons seeking employment or an employee is put in a more unfavorable position against other persons in the same or in a similar situation, and indirect discrimination exists when a certain seemingly neutral decision, criterion or practice puts or would put a person seeking employment or an employee in a more unfavorable position against other persons due to particular quality, status, orientation or belief with respect to all stated grounds of discrimination.

Discrimination is prohibited with respect to terms of employment and selection of job candidates: labour terms and all labour relations rights: education, qualification and specialization; advancement at work and the termination of employment contract, and the provisions of the employment contract affirming the discrimination under some of the stated grounds of discrimination are void.

Provisions of Article 21 of the Labour Law specifically prohibit harassment and sexual harassment of persons: harassment means any undesired behavior on the basis of any reasons stated above, aiming at or presenting the violation of dignity of person seeking employment, as well as of an employed person, and which causes fear or creates a hostile, degrading or offensive environment, and sexual harassment means any verbal, non-verbal or physical behaviour aiming at or presenting the violation of dignity of person seeking employment, as well as of an employed person, in the sphere of sexual life, and which causes fear or creates a hostile, degrading or offensive environment.

In Article 22 the legislator did not miss to regulate what is not considered as discrimination. Hence, distinguishing, exclusion or giving priority regarding a specific job



is not considered as discrimination, where the nature of a job is such, or where a job is performed in such conditions that the characteristics relating to some of the grounds of discrimination do amount to the real and decisive condition for performing the job, and where the purpose intended to be achieved through the above said is justified.

The first effects of anti-discrimination laws are reflected in Article 22, paragraph 2, specifying that provisions of the law, general act and an employment contract relating to special protection and assistance to specific categories of employees are not considered discrimination. Namely, before the Law on amendments to the Labour Law of July 2014, listing specifically the categories of employees to which such assistance and protection refer to, Article 22, paragraph 2 of the Labour Law listed women in the course of maternity leave and leave for tending the child, special care for the child, and now it specifies that the provisions of the law, general act and an employment contract relating to special protection and aid to one more category of the employed – disabled persons, are not considered discrimination. The Law on the Prevention of Discrimination of Disabled Persons was adopted back in 2006. The present Labour Law was adopted earlier, in 2005, however, the former amendments of the same year, 2005, then of 2009 and 2013 did not encompass provisions through which it was specified that special protection of disabled persons was not considered discrimination.

Major effects of anti-discriminating laws are reflected in the amendment to Article 23 of the Labour Law dealing with the burden of proving.

Namely, provisions of Article 23 specified that a person seeking employment, as well as an employed person, in the events of discrimination may institute proceedings before a competent court for the compensation of damage, in conformity with the law. Now it is specified explicitly that a person may institute proceedings before a competent court for the compensation of damage from an employer, and it also states explicitly the following: if in the course of the proceeding the prosecutor makes it likely that the discrimination was committed, the burden of argumentation that there was no behaviour as such to present the discrimination shall be borne by the defendant.

## ***CONCLUSION***

There are lots of sociological researches that warn us of living in the world shaken by sense-making crisis and where things are changed at incredible speed and constantly, where lots of our old beliefs are not valid anymore, yet there are no new ideas that would lead forward. In a western society that we are aiming at, speaking in general, there is crisis: business stress is dominant in view of business while in private lives people experience erosion of their family, moral and religious beliefs (Nikić et al., 2011, pp. 87). In modern business operations conditions, the expectation of a guaranteed job has disappeared and it has been replaced with a requirement that the employees again and again prove themselves on the competitive and demanding market. A new market demands the cooperation to a greater extent and more flexible labour arrangements. Complications come along with the cooperation, especially in work teams which by default develop much closer connections than it used to be the case in the past. Employees are expected to interact, both professionally and socially (Nikić et al., 2011, pp. 85).

Those are the facts that cannot be ignored. They also imply the facts that are related to one economy in transition such as in Serbia and neither they can be ignored. The words of Marx, that a worker is a commodity that if lucky can find a buyer, are more popular now than at the time when they were uttered. In such a socio-economic environment it is easier to lose a job than the "button" (Simonović, 2010, pp. 34). Aware of that fact, many workers in Serbia "accept" to be victims of discrimination, mobbing in order to keep their jobs and of two evils, whether to suffer or to be fired, they choose the first as the lesser one. Generally speaking, it is not easy to repel discrimination at work. There are two primary reasons for that: 1.) because the discrimination as a punishable conduct is practiced typically in disguise and 2.) because it is an exceptionally adaptable social phenomenon. Under new social-economic circumstances in the world, that carry the burden of economic crisis, unemployment and various forms of intolerance, employers express great subtlety and "creativity" in finding the methods for invisible discriminating treatment of employees (Jašarević, 2012, pp. 82). 82).

Importance of working out and implementing a good prevention policy regarding the prevention of work abuse is taken seriously only after the employer faces the dealing with it by applying measures of secondary and tertiary protection against work abuse. The fulfillment of compulsory duty to arrange the work, for the purpose of creating conditions that are necessary for sound and safe working ambience, in a manner through which work abuse and work-related abuse is prevented and the employees are provided with working conditions in which they will not be exposed to work abuse and to work-related abuse, results in financial costs and additional engagement which in turn will not bring profit in traditional terms. Cherishing the individual right of employees to express their opinion at workplace during working hours, workshops and education, additional specialization of some of the employees, are considered as excessive additional engagement and financial cost. The informing of employees about rights that they may claim, which would be conducted under auspices of the employer, would mean a simultaneous informing of superiors as well or at least a sign that they agree with it and that they welcome the informing of the employees about those rights. Individuals, who are aware of the above stated necessity, experience difficulties in justifying such demands and in urging relevant factors to invest time and money in it. Investing in the prevention against all forms of discrimination means an investment, rather than expense. The facts that corporate social responsibility has become the subject of international standardization, promoting the idea that without people and their potentials there are no organizations and their successes either, and that human resources are the most important of all important resources of an organization are not new anymore.

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# ***CURRENT ASPECTS OF THE PRINCIPLE OF PROTECTION OF EMPLOYEES WITH SPECIAL REFERENCE TO PROTECTION FROM ABUSE AT WORK***

*Natasa Tanjevic PhD<sup>43</sup>*

*Zoran Radulovic PhD<sup>44</sup>*

## ***ABSTRACT***

*The paper points to certain standards of protection for employees in the law of the Republic of Serbia. Special attention is paid to protection from abuse at work, bearing in mind that it is a socially negative phenomenon with manifold significant social, economic, psychological and legal implications, and that, on the other hand, we can observe a degree of social and personal tolerance to this phenomenon, especially in countries in the process of transition, characterized by high unemployment and a lack of or insufficient implementation of legal mechanisms to protect the rights of employees. In this respect, reference is made to domestic legislation in this area, with the conclusion that only a few initial steps were made in creating a healthy and safe working environment which would ensure respect for human dignity and personal integrity of employees.*

**Key words:** *Employee Protection, Mobbing, Moral Integrity of Employees, Prohibition of Discrimination*

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<sup>43</sup>Natasa Tanjevic, National Bank of Serbia, Belgrade, Serbia, tanjevicn@gmail.com

<sup>44</sup>Zoran Radulovic, Faculty of Business Economics and Entrepreneurship, Belgrade, Serbia, zradulovic10@gmail.com

## ***INTRODUCTION***

The right to work, which is guaranteed by international conventions and national constitutions, should at the same time be understood as the right to decent work. The principle of dignity at work is extremely important in Labour Law, and is, we may say, a basic starting point, but also the very goal of this branch of law. However, dignity at work today is threatened and denied by the phenomena of contemporary forms of slave labor, discrimination at work, and psychological abuse - mobbing, sexual harassment and infringement of privacy rights at work (Lubarda, 2008, p.9).

The current Labour Law framework implies a general constitutional protection of the basic rights of employees: dignity, psychological and physical integrity, privacy and other personal rights, and is based on generally accepted rules of business ethics at work and pertaining to work (Tanjević, Čilerdžić, Gavrić, 2012). The Constitution of the Republic of Serbia (Official Gazette of RS, no. 98/06) guarantees the right to work and the right to free choice of employment (Art. 60). It also envisages that everyone has the right to just and favorable conditions of work, as well as that all jobs are available to everyone under the same conditions, but it does not contain a provision which obliges the state to provide the conditions in which everyone can live of their own work, although dignifiedly living of one's own work is the main purpose of the right to work. Also, the Constitution expressly provides that no one may waive their constitutional rights related to work, as well as the rights acquired on the basis of work.

When we talk about the principle of the protection of employees, we mean primarily: the protection of employees from the harmful effects of working conditions; special protection for certain categories of employees and the protection of the moral integrity of employees.

## ***PROTECTION OF EMPLOYEES FROM HARMFUL EFFECTS OF WORKING CONDITIONS***

Workplace Health and Safety is a fundamental right of employees described in the ILO Conventions, the Lisbon Treaty of the EU and in EU directives. Workplace Health and Safety is a right guaranteed by the Constitution of the Republic of Serbia, according to which everyone is entitled to respect of their person and to safety at the workplace, and none of these rights can be waived.

The purpose of protecting employees from the harmful effects of working conditions is the protection and preservation of the workers' health and working ability, as well as ensuring longer working engagement. It is a matter of protecting the physical integrity of the employee. In our country in the last decade, the number of occupational diseases has decreased, but the number of occupational injuries remained at almost the same level. According to the information from the Health Insurance Fund in 2012, 22 fatal injuries at work were recorded, as well as 2,482 serious injuries and 12,979 minor injuries, and a similar situation has been observed in previous years. In doing so, it should be borne in mind that these are only the reported cases, so they probably represent only a portion of the actual number of injuries at work. The highest number

of workplace injuries occur in the activities of industry and construction, as well as high-risk industries, where the employment status of employees for which the death or serious injury due to an injury at work is such that a high percentage of employees are working part-time as well as in the informal economy.

Unfortunately, in our country, we often ignore the fact that some people are lethally injured at work because their employers, in an effort to increase profits, do not provide even the most basic means of protection at work, nor carry out regular checks of the means of production (Tanjević, 2012). In an effort to attract foreign capital at all costs, excessive exploitation of local workforce is enabled, as well as environmentally harmful use of domestic natural resources (minerals, water, soil). The fact that domestic legislation often does not contain clear standards which would prevent such occurrences contributes to the difficulty of detection and prosecution of these offenses. One example is the exploitation of workforce in construction and industry, denying employees rights related to work ("moonlighting") and protection at work. Even when there is regulation, it is not adhered to, and the work of state bodies is not sufficient to prevent the occurrence of such forms of exploitation.

The protection of the physical integrity of employees is defined by special regulations. The basic law which regulates this area in our country is the Law on Safety and Health at Work (Official Gazette of RS, no. 101/2005), which regulates the implementation and promotion of Workplace Health and Safety for persons involved in the work processes, as well as persons who enter the working environment, in order to prevent injuries at work, occupational diseases and diseases related to work.

Safe and healthy working conditions are achieved by using modern organizational, technical, medical, social and other means. When organizing work and the working processes, the employer is obliged to ensure preventive measures to protect the lives and health of employees, as well as to provide the necessary funding for their implementation. Accordingly, it is the obligation of the employer to pass a written Risk Assessment Act for all workplaces in the working environment and to determine methods and measures for alleviating the risks (Article 13) as well as the obligation to amend the Risk Assessment Act in case of emergence of any new risk factors and changes in the level of risk in the work process. In addition to these measures, the employer is obliged to carry out the Workplace Health and Safety training of employees, or reassign them to different jobs, when introducing new technologies or new means of work as well as changes in work processes that can lead to changes in measures for safe and healthy work. (Article 27). The mentioned obligation further implies that the employer is obliged, while training the employees for safe and healthy work, to inform them of all types of risks on jobs to which they are assigned, and of specific measures for protection of health and safety at work, in accordance with the Risk Assessment Act.

In addition to the aforementioned law, the employee's right to safety and protection of life and health at work is prescribed in the Law on Labour (Official Gazette of RS, no. 24/2005, 61/2005, 54/2009, 32/2013, 75/2014). An employee is obliged to comply with regulations on the safety and protection of life and health at work in order not to endanger their own health and safety, as well as the safety and health of other employees and other persons. Also, the employee is obliged to notify the employer of any kind of potential hazards that could affect health and safety at the workplace.

Finally, very significant progress was also made in this area with the adoption of the Strategy for Safety and Health at Work for the 2013 to 2017 period, adopted by the Government of the Republic of Serbia. Its main objective is promotion and preservation of health of the economically active population, and improve the working conditions in order to prevent workplace injuries, occupational diseases and diseases related to work, as well as reduce them to a minimum and eliminate occupational hazards. Accordingly, the Strategy, inter alia, foresees the need for further introduction of elements that affect the creation of safe and healthy working conditions, such as: the introduction of the principle of prevention when dealing with workplace injuries and occupational diseases, the active involvement of the Occupational Health Service, determining the options for the introduction of special insurance against workplace injuries and occupational diseases in order to provide compensation, the inclusion of workplace health and safety education in the school education system (primary and secondary), the introduction of the single registry of occupational injuries and illnesses, continuing education and professional training of the persons responsible for Workplace Health and Safety and others, and the promotion of a culture of prevention and good practices in the field of Workplace Health and Safety.

### ***SPECIAL PROTECTION OF CERTAIN CATEGORIES OF EMPLOYEES***

For some categories of employees (women, youth and the disabled), the Constitution generally guarantees the right to special protection at work and the right to special working conditions. Child labor is also specifically regulated in the Constitution (Art. 66 par. 2). The Constitution prohibits child labor and states that the prohibition of child labor applies to children under 15 years of age (Art. 66 par. 4). The Constitution grants the right to work to children under the age of 18 years Constitution, but only under the condition that the work they perform is not detrimental to their health or morality (Art. 66 par. 4).

In accordance with this, the Law on Labour also stipulates that certain categories of workers (youth, women and the disabled) enjoy special protection at work, in accordance with the law. For example, workers under the age of 18 and women, especially pregnant women, may not work in the workplaces where the prevailing workload comprises hard work, working under ground or water, etc. Accordingly, Article 84 of the Law on Labour stipulates that the employees under the age of 18 may not work on jobs: which demand especially difficult physical work, working underground, underwater or at great heights; which include exposure to hazardous radiation or agents that are poisonous, carcinogenic or cause hereditary diseases and health risks due to cold temperature, heat, noise or vibration; or which, based on the findings of competent medical authorities, could affect their health and life adversely or with an increased health risk, considering their mental and physical capabilities. The Law also prohibits overtime work and redistribution of working hours for an employee who is under 18 years of age.

The Law also prescribes the protection of maternity in such a way that a woman employed during pregnancy or while breastfeeding her baby can not work on activities that are, according to the findings of the competent medical authorities, harmful to



their health and the health of the child, particularly jobs that require heavy lifting or where there is harmful radiation or exposure to extreme temperatures and vibration. Also, those employed during pregnancy or breastfeeding a child can not work overtime or at night, if such work is detrimental to their health and the health of the child, based on the findings of the competent medical authority. Another innovation in the Law on Labour is the Article 93a, which states that the employer has the obligation towards employed women who return to work before expiration of one year since the birth of their child to provide the right to one or more daily breaks during working hours for a total of 90 minutes or to shorten the daily working time for 90 minutes, so she can breastfeed her child, if the length of the woman's workday is six or more hours.

Finally, persons with disabilities are guaranteed special protection in accordance with the law. The disabled in this regard are entitled to special working conditions (hygienic and technical protection), the right to work in their workplaces in accord with their remaining working capacities, etc.

### ***PROTECTION OF THE MORAL INTEGRITY OF EMPLOYEES***

The moral integrity of a human in the working environment comprises the totality of human traits which signify their specific individuality as a social being who, while being involved activities in the work process as a being with values, takes part in social communication with other participants in the work process, changing their natural and social environment (Markovic, Krstic, 1987, p.175). Unfortunately, the moral integrity of employees is neither given sufficient attention in labour legislation or law in general, nor is it sufficiently discussed in public, although the need to protect the moral integrity of employees must not be ignored.

The request for the protection of the moral integrity of the individual in the workplace is a more recent phenomenon. The modern Labour Law framework for the protection of the moral integrity of employees entails the prohibition of discrimination, prohibition of abuse at work, protection of employees' personal data, protection from abuse of rights and codes of professional ethics.

### ***PROHIBITION OF DISCRIMINATION***

The prohibition of discrimination is one of the foundations of a democratic society. The principle of non-discrimination in the acquisition and enforcement of rights and freedoms has its legal basis in almost all important international documents that refer to human rights. In Serbian law, the prohibition of discrimination is enshrined in its highest legal act - the Constitution of the Republic of Serbia. The Article 21 of the Constitution envisages that for the Constitution and the law everyone is equal and that everyone has the right to equal protection by the law without discrimination. Accordingly, it prohibits any discrimination, direct or indirect, on any grounds, particularly if based on race, gender, ethnic origin, social origin, birth, religion, political or other opinion, property status, culture, language, age, or mental or physical disability.

The prohibition of discrimination is also contained in the laws governing specific areas of social relations. Given that this paper deals with aspects of the protection of employees, provisions significant for this part of the paper are the provisions of the Law on Labour relating to the prohibition of discrimination. The Law on Labour (Article 18) envisages the principle of non-discrimination, which is the basis for the whole system of rights, obligations and responsibilities in individual Labor Law. In this Law, the terms "discrimination" and "discriminatory treatment" refer to maintaining any unjustified differences or unequal treatment, as well as omission (through exclusion, restriction or preference) of individuals or groups, members of their families, or persons close to them, whether in overt or covert manner, based on race, skin colour, ancestry, citizenship, nationality or ethnic origin, language, religious or political beliefs, gender, gender identity, sexual orientation, financial status, birth, genetic characteristics, medical status, disability, marital and family status, previous convictions, age, physical appearance, membership in political, trade union or other organizations, and other real or presumed personal characteristics.

In the Law on Prohibition of Discrimination (Official Gazette of RS, no. 22/2009), Article 16 prohibits discrimination in the field of labour, i. e. violation of equal opportunities for employment, or enjoyment of labour rights under equal conditions, including the right to work, to free choice of employment, to obtain promotions, to attend vocational training and vocational rehabilitation, to be equally payed for equal work, to just and favorable conditions of work, to holidays, to education and membership in unions, and to protection against unemployment.

The Law defines direct and indirect discrimination and prohibits harassment, including sexual harassment in the sphere of labour. In this regard, a very significant article is the Article 21 of the Law which regulates the concept of harassment, which means the unwanted conduct which has the purpose or the effect of violating the dignity of a person seeking employment or an employee, and which causes fear or creates a hostile, humiliating or offensive environment.

Discrimination is also expressly forbidden by many other laws such as the Law on Social Protection ("Official Gazette of RS", no. 24/2011), the Law on Employment and Unemployment Insurance ("Official Gazette of RS", no.36/2009, 88/2010 i 38/2015), the Law on Higher Education ("Official Gazette of RS", no. 76/2005, 100/2007-97/2008, 22/2010, 89/2013, 99/2014, 45/2015, 68/2015), the Law on Vocational Rehabilitation and Employment of Persons with Disabilities ("Official Gazette of RS", no. 36/09, 32/2013).

According to the general assessment, the legislation in Serbia which protects the freedom from discrimination is in line with international and European standards and provides a solid legal framework for preventing and combating discrimination, but what is necessary is that the legal provisions are consistently applied in practice.

## ***PROTECTION FROM HARASSMENT AT WORK***

The health of workers does not deteriorate only due to traditional causes, such as biological, chemical and physical, but also due to the psychosocial and organizational factors which make way for the problem of mobbing. The primary contributor to the

phenomenon of harassment at work has been the process of globalization which is accompanied by major changes in the sphere of labor and employment relations (employment uncertainty, increased competitiveness, recessions, the psychosocial pressure on employees, organizational changes, privatization, restructuring, etc.). On the other hand, these changes are not accompanied by appropriate programs and measures to help employees adapt to new requirements and conditions of work which leads to insecurity, fear amongst employees, poor interpersonal relationships, and ultimately to mobbing.

Harassment at work, or mobbing is malicious, hostile and unethical conduct against an employee which has different facets: undermining the quality of professional work, attacking the personal reputation of the individual, restricting the ability to adequately communicate and maintain social relationships, and it often leads to health risks to the person exposed to abuse in the workplace (Paunović, Kosanović, 2006, p.38). By its structure, mobbing is an attack upon honor and reputation, it includes libel and insult, and therefore mobbing violates basic human and civil rights.

Both the employer and the employees are obliged to respect each other's dignity and attempt to abide the rules of conduct pertaining to prevention and protection from harassment at work. The employer is obliged to organize the work so as to prevent the occurrence of harassment and to protect the employee from harassment. In addition, they must, before engaging them in the work process, inform all employees in writing of the prohibition of harassment, and inform and empower the employees and their representatives to identify the causes, types and consequences of abuse (Regulations on the rules of conduct of employers and employees in relation to the prevention and protection from harassment at work, Official Gazette of RS 62/2010). On the other hand, the employees have a legal obligation to refrain from abuse and misuse of the right to protection from harassment, and to respond to the appeal of the employer to inform themselves about the abuse.

Mobbing can manifest itself in different ways, most often as: exclusion or social isolation of a person; intimidation, physical abuse or threat of abuse; underestimating or deliberately belittling achievements of a person, offensive joking, unwarranted avoidance to assign responsible tasks to a person, constantly changing operating instructions and setting deadlines that are impossible to achieve, allocation of tasks and responsibilities which a person is unable to perform (in order to create additional pressure and a sense of incapacity); concealment of information or deliberately giving false information; the allocation of tasks and responsibilities which one person is unable to perform; shouting or using curse words, constant and persistent criticism, underestimating attitudes and opinions, undeserved punishments; and interference with the privacy of a person by solicitation, surveillance or stalking (Šaljić, 2013).

Starting from the content and the objectives of acts of mobbing and the matter of who are the victim and the abuser, mobbing is divided into vertical and horizontal mobbing. In the first case the superior mobs subordinate workers, while horizontal mobbing is characterized by the occurrence of acts of mobbing between workers who are in the same position in a hierarchical structure. Vertical mobbing is manifested in many ways. For example, in the form of an *empty table* - when an employee is denied tasks related to their workplace, or is allocated trivial jobs beneath their professional level in order to violate their professional dignity, or otherwise in the form of a *full table* - when an employee is given too much work, which cannot be successfully

completed during given working hours (so they remain to work overtime without being paid compensation), which leads to excessive fatigue at work. A special form of vertical mobbing is *strategic mobbing* ("bossing"), which refers to hostility towards a lower level employee, expressed by aggressive and offensive behavior, where the main motivation is the intention for the employee to depart imperceptibly because they have become undesirable since they differ from other employees in various ways.

Although mobbing is not a new phenomenon in our country, harassment at work and related to work was only recently recognized as a serious problem, and as a form of violation of the right to respect of dignity at work. Under Serbian law, the issue of mobbing is dedicated to special legislation - the Law on Prevention of Harassment at Work, adopted by the National Assembly of the Republic of Serbia in 2010 (Official Gazette of RS, no. 36/10). The specificity of the Law is that it applies to all employers and all employees in the Republic of Serbia. This is very important because equal treatment of all employees in protection from mobbing brings legal security into Labour Law, considering that the rights, obligations and responsibilities of employees and employers, differ by special laws. Finally, the most important matter is that the law is supposed to re-enforce the employee awareness of the forgotten right to decent work and to remind employers that mobbing is harmful and punishable.

Unfortunately, despite the adopted legal solutions, the research of this phenomenon and the data provided by NGOs and trade union organizations which provide legal assistance to employees show that a large number of employees were exposed to some form of harassment at work or related to work, as well as that usually in these cases employees themselves recognize that it is a violation of their basic rights related to work. However, it should be borne in mind that there are no precise data on the number of employees who suffer harassment at work in our country. The data of the Victimology Society of Serbia which refers to protection and assistance to victims of all forms of violence, show that more than half of the people who seek help from this organization are sacrifices of harassment at work. In 2014, the Ombudsman received 337 complaints related work in which the applicants pointed to 362 infringements (*Annual report of the Ombudsman for 2014*). Citizens often submit complaints of harassment at work to the Ombudsman, as well as indicating arbitrariness and illegality when making decisions on termination of employment. It is noted that employees insufficiently use the existing legal options for protecting their rights (addressing the Commissioner for Protection of Equality, the Republic Agency for Peaceful Settlement of Labor Disputes, the Labor Inspectorate, seeking court protection). Due to the difficult financial situation they are in and the fear of losing their jobs, employees usually report their dissatisfaction only when they lose the job and when proving their rights is possible only in judicial proceedings which take long and entail material costs.

Bearing in mind that nowadays mobbing is a widespread phenomenon whose consequences affect the social environment, the work environment and the individual, it is important that it should be identified and treated very seriously. Facts that must not be ignored are that a large number of victims of mobbing develop serious mental illnesses, and that a large number of persons subjected to mobbing committed or contemplated suicide, or contemplated the murder of the mobber. That is why, on the one hand, victims of mobbing need assistance, and on the other hand it is necessary to ensure the effective implementation of the law in practice and take all necessary measures to prevent mobbing.

Also, although there are no exact data on the overall social and economic losses incurred as a result of mobbing, the damage is quite obvious, and it is reflected in the frequency of absence from work, changing of jobs, early retirement, etc. This incurs costs to the employer and the state, because victims attend checkups, take sick leave, etc. Experts from the International Labour Organisation calculated that mobbing costs a company of 1,000 employees around 150,000 € per year, reduces performance by 60% and increases expenses of the company by 180% per annum (Kićanović, 2011).

When it comes to protection from abuse at work, it is realized in accordance with the law through the procedure of mediation with the employer, establishing the responsibility of an employee who is accused of harassment by the employer and the competent court.

The request for protection from abuse is submitted to the responsible person with the employer which has the capacity of being a legal entity (director, etc.) or to the employer in the capacity of a natural person (entrepreneur) or another person whom they authorize. The request for protection from harassment with the employer may, in accordance with the law, be filed within six months from the date when the conduct constituting abuse last occurred. The employer or the person authorized by the employer shall, within three days of receipt of the request for protection from harassment, suggest mediation to the parties to the dispute as a way of resolving contentious relations and propose to select a person from the list of mediators with the employer, from another list envisaged by the law, or to propose a mediator for the case themselves. If mediation fails, the parties, with the participation of the intermediaries, conclude an agreement which particularly contains measures aimed at the cessation of behavior that constitutes harassment, or exclusion of the possibility of continuing such behavior. If mediation is not successful, and there are reasonable grounds to suspect that harassment occurred or that the right to protection from harassment has been abused, the employer is obliged to initiate the proceedings for determining the responsibility of the employee for infringement of labour discipline or professional misconduct in accordance with the law.

Employees may file suit if they believe that they have been exposed to harassment and are not satisfied with the outcome of the mediation process or the procedure for determining the liability of the employee who is accused of harassment. The innovation of this law is the departure from the classic rules on the burden of proof based on the principle *actori incumbit probatio*. Specifically, it is sufficient that the employee who wishes to institute the proceedings for protection before the employer or file suit for harassment, to present existence of abuse as credible, and the employer has the burden of proof that the abuse did not occur.

What can be noted is that the purpose of the Law is to internally resolve disputes over harassment by agreement. This is significant given the fact that labor disputes often last "unreasonably long", despite the fact there is a proscribed obligation to settle them within six months and they require the material costs.

Unfortunately, despite the adopted legal solutions, it is noted that the court practice when it comes to mobbing is almost non-existent. One reason for the small number of suits filed should be sought in the fact that employees rarely decide to seek protection from mobbing due to fear of job loss, fear of the possible negative consequences, distrust in institutions, the difficulty associated with proving mobbing,

the length of disputes before the court etc. This is exacerbated by the fact that in our country there are practically no irrevocable verdicts for mobbing, which creates the impression that employers easily evade responsibility, that the system of protection does not exist, that the legal provisions are not respected or applied in practice, as well as that employers do not get punished for behaviors that constitute harassment at work, all of which leads to the conclusion that the state does not provide effective protection to victims of mobbing. The spread of mobbing and difficulty of proving it is also exacerbated by the fact that the victim of mobbing usually no support, and that the victim has difficulties to summon other employees as witnesses, as the employees have a justified fear that the employer could take adverse measures towards them if they testify in favor of the victims of the mobbing.

Experts who are of dealing with this phenomenon from different positions and points of view, assert that there is a great possibility that, in practical life, this law will be used with considerable difficulties. In this regard, it is emphasized that it both active and passive legitimacy are described with a lack of clarity, that the interpretation of the legal standard of *repetitive behaviour* may crystallize only within the case law, that sanctioning the employee who committed harassment and the person responsible in the legal entity is inadequately regulated (especially in the case where agreement has been reached). Most complaints refer to deficiencies in the process of organizing the procedure with the employer, which is left to improvisation by the intermediaries. A fault of this legislation is also the fact that the legislator did not foresee strategic mobbing, as the most common and most harmful form of mobbing in the period of transition and privatization, which is much more expensive and more dangerous for the society than individual mobbing.

In the Republic of Serbia there is not enough experience in the implementation of the Law on Prevention of Harassment at Work and therefore these examples relate mainly to the implementation of other legislation, particularly the Criminal Code of the Republic of Serbia (Baltazarević, 2010). The victims of harassment, without the existence of a special law on mobbing, brought charges under the Criminal Code of Serbia for the crime of torture under article 137 of the Code. The first verdict on mobbing in Serbia since the adoption of the Law was reached in 2012 by the Municipal Court in Subotica. The verdict determined that the plaintiff suffered harassment at work by her director as the person responsible, since the accused shouted while communicating with the plaintiff, infringed upon her reputation and unreasonably prevented the plaintiff from communicating with central bodies, intentionally caused stress, unjustifiably deprived the plaintiff of the resources needed to do the job, unjustifiably and excessively supervised the work of the plaintiff, isolated the plaintiff and undermined her health.

Finally, what remains is to see the effects of the Law in the future, to detect any problems in its implementation and respond effectively with possible changes and amendments to the Law which will eliminate the obstacles and deficiencies in the current procedure for protection from mobbing and ensure its appropriate and consistent application. In this regard, it would be helpful not only to take into account the number of complaints and the outcomes of proceedings, but the number of procedures of mediation with the employer, so as to make the effects of the Law measurable.

## ***PROTECTION OF EMPLOYEES' PERSONAL DATA***

Dignity at work necessarily includes adequate protection of privacy at work. Accordingly, an important aspect of the protection of moral integrity of employees is the protection of employees' personal data. The Constitution of Serbia (Article 42) guarantees the protection of personal data and judicial protection in case of misuse of such data.

The Article 83 of the Law on Labour provides for the protection of personal data in such a way that the employee has the right of access to documents containing personal information kept by the employer and the right to request the deletion of data not directly relevant to the tasks they perform, as well as correction of incorrect data. Also, personal data pertaining to the employee may not be made available to a third party, except in cases and under conditions established by law, or if they are necessary to prove the rights and obligations arising from employment or related to the work. If a violation of the said rights occurs, the employee has, by rules of contract law, the right to seek compensation due to violation of personal rights.

Protection of personal data of employees is also provided by a special law - the Law on Protection of Personal Data (Official Gazette of RS, no. 97/2008) whose main goal is for every natural person to exercise and protect their right to privacy and other rights and freedoms when dealing with processing of personal data,. Moreover, this law provides protection of personal data for every individual, regardless of citizenship, race, age, gender, language, religion, political or other opinion, nationality, social origin and status, wealth, birth, education, social position or other personal characteristics.

The Law prohibits the collection, use and processing of "particularly sensitive data," which is a common case of violation of privacy, when, during the "testing" of working abilities, employee's personality is examined with questions concerning religion, political or other beliefs, social and family status (especially in women of childbearing age).

However, we may observe that, apart for sporadic cases that appear in public by virtue of reaction from the Commissioner for Information of Public Importance and Personal Data Protection, it seems that privacy in the workplace is not given enough attention in Serbia. Our Law on Personal Data Protection provides a general framework for the protection of personal data, which is applicable to labour relations. However, the problems of employees seem to be increasingly difficult, and therefore, in the practical application of the law in the field of labour and employment relations, special attention should be paid to: preventing the excessive collection of data during the process of worker selection as well as data on the employed workers; enabling the employees to have the right of access to their own data; reading e-mails; supervision over the use of the Internet; unwarranted monitoring of employees' telephone communications; unwarranted video surveillance, etc.

Without disputing the fact that a certain amount of control over the employees and the workflow is inevitably be administered by the employer, we must not neglect the fact that it has to reflect the general principles of privacy and be regulated by predetermined rules of the employer, which are presented to the employees (and accepted) (Toskić A. 2013).

## ***PROTECTION FROM ABUSE OF RIGHTS***

Every right arising from employment is unfortunately subject to abuse. Abuse of a right means that a right is used contrary to its purpose. The Law on Labour provides that the abuse of labour rights is treated as a serious violation of labour rights.

Although the protection from abuse of rights applies to both the employer and the employee, since the previous section discussed the protection of employees from harassment, discrimination, etc., in this section attention was paid to the protection of employer from abuse of rights by the employee, whereby we indicate the negative side of the moral integrity of the employee as well. In this respect, most frequently discussed are the abuses related to the departure of an employee on sick leave. This type of abuse of rights entails two kinds of liability: the liability of the employee as the insured with the health insurance and liability arising from employment. This type of abuse is not only traditionally expressly described by labour legislation as a cause for disciplinary punishment or termination of employment contract, it is also a type of abuse of rights which has a distinctly moral and human dimension, as it concerns the protection of health (Jovanović 2011).

In accordance with the aforementioned, the Law on Labour stipulates as one of the reasons for the termination of the employment contract the situation when an employee abuses their right to leave due to temporary inability to work (Article 179). The Law also stipulates the obligation of the employee to submit to the employer, no later than within three days after the occurrence of the temporary inability to work (as stipulated by the health insurance regulations), a medical certificate which states the time period of the anticipated inability to work. However, if the employer doubts the reasons for absence from work, they may petition the competent medical authority to determine the health status of the employee, in accordance with the law. In this regard, the employer may terminate the employment contract if the employee does not submit a medical certificate of temporary inability to work.

However, the problem with this type of abuse of rights is the fact that it is very difficult to prove that the employee has abused their right to sick leave and on the other hand someone has to perform the work of the employee on sick leave, which is also a cost, which is why employers often give up on prosecuting unscrupulous workers.

## ***PROFESSIONAL ETHICS CODES***

Conducting business with no moral criteria and economy without ethics/morality can never provide lasting, stable and meaningful results, which is why it is often spoken of the need to introduce codes of ethical conduct into principles of business, labour and management in all enterprises, institutions and organizations. Codes are sets of rules defined by law or other regulations which refer to the legal status of employees in certain industries, as well as their behavior at work and related to work. They are of great importance because it is known that the operations and the reputation of an institution are largely dependent on the integrity of each employee, on their daily performance of tasks entrusted to them, which at any time must be not only in



accordance with the laws, other regulations and general acts, but also based on respect for the highest moral and professional principles.

Ethical standards suggest what is good and moral and what is not. For example, they make employees aware of what is a conflict of interest, in order to effectively avoid such a situation, and instruct them on how to behave in such an occurrence. At the same time, this makes it easier for the public to know what kind of behavior to expect from the officials. The codes may differ, from stating basic ethical principles to collections of elaborate, detailed rules. They are very useful since it is known that, where ethics are more present, there are fewer dishonest and illegal actions and vice versa.

Some of the basic ethical principles that are present in almost all codes of ethics are: dedication to work, professionalism, independence, diligence, loyalty, honesty and legal conduct in performing their duties, mutual respect and respect for colleagues and other people, tolerance and respect for diversity, refraining from any conduct that other employees may find offensive, etc. This further implies that the employees should behave in a way that ensures: respect for highest standards of business conduct; commitment to working tasks and loyalty in their execution; avoidance of conflicts of interest; protection of data and information, respect for obligations to protect classified information and limitations on sharing information, etc.

In the end, preventive measures, i.e. raising awareness about the importance of respect for the established ethical and professional standards of conduct, are of utmost importance.

## ***CONCLUSION***

In countries going through the process of transition, such as the Republic of Serbia, some forms of threat to the moral integrity of employees are present, and this particularly applies to the phenomenon of abuse at work, which is more pronounced in transition countries than in developed countries and countries of the European Union. Key consequences of the crisis that encompassed the Republic of Serbia are the incomplete process of privatization, lack of liquidity, a decline in production and exports, decline in employment and an increase in unemployment, a drop in living standards and growing poverty. All these negative trends had a major impact on general social and economic policy, and therefore on the area of health and safety at work, the emergence of discrimination, harassment at work and other negative phenomena. It is estimated that, with the modernization of the state and globalization, there will be a growing number of employees who will seek expert legal and psychiatric help because of the disturbances caused by increasing requirements for employees, poor interpersonal relationships and harassment at the workplace.

However, we should bear in mind that this is a field in which not even the developed countries have enough experience, and that in our country adopted regulations are not consistently applied in practice, which hinders effective and adequate protection, raises the issue of the reach and impact of adopted legislation, and unfortunately leads to employees distrust for the state and institutions. Despite the fact that is undeniable that our country has made great progress at the legislative level, particularly in recent years since it adopted a number of regulations governing and regulating the sphere of the dignity of work, what we notice is that the degree of realization of these rights in practice is unsatisfactory.

On the other hand, it should be borne in mind that health, ability to work, and the satisfaction of working people are the key factors for countries' overall socio-economic development country and the key to productivity, competitiveness and sustainable development, which is why the protection of employees must be given special attention. It is therefore essential for the protection of dignity at work to ensure an effective and efficient protection of social rights, at the national level, as well as regional and international.

The above implies that the protection of the moral integrity of employees must be one of the most important tasks of a modern state, that it is necessary to provide consistent and effective practical application of laws that protect the moral integrity of employees and to raise awareness of the fact that working is a process which must be conducted with respect to the personality of workers. Also, it is very important to conduct continuous education of workers on their rights and ways of protecting them, and to strengthen mutual cooperation between state institutions, trade unions, non-governmental organizations dealing with labour issues, social issues and human rights. This is so because the right to dignity is listed before the right to live in the provisions on the protection of human rights of the Serbian Constitution! Human dignity is inviolable and everyone is obliged to respect and to protect it (Article 23 of the Constitution of the Republic of Serbia).

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