FOREWORD

Dear readers,

In front of you is the fifth issue of International journal of economics and law, published by the Faculty of Education of Executives (FORKUP), Novi Sad, and Alpha University of Belgrade. The idea for starting “International journal of economics and law”, is an effort of the Faculty to enable the placement of their scientific works and its critical reviews, theoretical discussions and research to students, colleagues, teachers, other professionals from home and abroad, as well as acquisition and expansion of knowledge in economics, law, management, and so on.

Gratitude for publishing this scientific journal belongs to all of you who participated in the work of our international conferences, ANTiM and LEMiMA, to all of you who have created the basis for further expansion of our cooperation to promote these disciplines with yours scientific contributions. The structure of the papers in this journal comprises three dominant scientific disciplines in the social humanistic field that unify the faculty including economics, law and management, but the sciences that have a dominant influence on the global, national, and corporate performance. Integrating these sciences in one place and with the participation of domestic and foreign experts, conditions for exchange of scientific information and experience are created, and thus the achievement of defined objectives of every reasonable organizing.

We can achieve that only by common effort of all of us. That kind of note is confirming real wealth of the states, prepositions and initiatives presented in written papers of one hundred seventy authors, sixty of them are from abroad, from third international conference ANTIM 2012.

By starting this scientific journal, we have shown our readiness, responsibility, and resources for stimulating scientific research and publishing work, and along with other to improve legal, economic, and management thought, i.e. theory and practice. The challenge is certainly greater bearing in mind the times we live in, and followed by a high turbulence in the natural order (earthquakes, tsunamis, volcanoes, etc.), and so in the social order as well as internal conflicts that shook certain countries, through the technological boom, and moral problems in different spheres of life and work.

Due to this complexity, which will in future be more complex and uncertain, it is necessary to put science in the foreground, as new production work force. Scientific journals are one of the most efficient sources of acquiring knowledge, especially in terms of their electronization and possibility of rapid scientific information transfer provided in their facilities. Therefore, the idea is that contents of this journal are modern and actual, but also to be available to all who are interested in economics, law, management, entrepreneurship, and so on. International editorial board invites esteemed scholars, admirers of science and scientific thought, i.e. profession to enrich the quality of journal and thus contribute to improving these disciplines, but also business i.e. legal and management practices.

Welcome to “International journal of economics and law”. Good luck!

Belgrade, 2013.

Editor in chief

Prof. dr Života Radosavljević
CONTENTS

1  Avdagić Mehmed, Avdagić Dževada, Radić Maja, Golić Dženan
COMPETITIVE ABILITY OF THE ASSUMPTIONS OF STABLE GROWTH OF THE NATIONAL ECONOMY

8  Belović Duško
ENTREPRENEURSHIP AND INNOVATION AS CERTAIN WAY-OUT FROM CURRENT ECONOMIC CRISIS

17  Coković Sabahudin
TAX EVASION IN THE DOMESTIC AND COMPARATIVE CRIMINAL LAW

24  Fauzer Viktor, Fauzer Galina
DIRECTIONS OF THE STATE POLICY ACCORDING TO THE SOLUTION OF DEMOGRAPHIC AND LABOUR PROBLEMS IN NORTHERN TERRITORIES OF RUSSIA

32  Dragić Milan, Kastratović Edita, Ćilerdžić Vesna, Miletić Lidija
CHALLENGES OF HUMAN RESOURCES MANAGEMENT AT GLOBAL LEVEL

37  Gajdobranski Aleksandra
TRENDS AND OPPORTUNITIES OF ECO-TOURISM WITH AN EMPHASIS ON RURAL TOURISM IN SERBIA

45  Gijić Nebojša, Lilić Vlada, Reko Krstina
NEW STRATEGIC MANAGER AND ALLOCATION OF CORPORATE ASSETS

51  Hasanović Halil, Jahić Merima, Murselović Lejla
TRANSFORMATIONAL MANAGEMENT DEVELOPMENT PROGRAM IN ELEMENTARY AND SECONDARY SCHOOLS IN BOSNIA AND HERZEGOVINA

56  Kastratović Edita, Dragić Milan, Ćilerdžić Vesna
ETHICS IN MODERN ECONOMY

61  Krmpot Vera
THE FIGHT AGAINST CORRUPTION - CROWDSOURCING
69  Kutas Maryna
THE ISSUE OF STRESS-RESISTANCE DEVELOPMENT AS A CONDITION OF FUTURE PROJECT MANAGERS EFFECTIVE ACTIVITY

77  Lakić Nikola
ENERGY SECURITY OF THE REPUBLIC OF SERBIA

87  Radosavljević Milan
DILEMMA – INSIDER OR OUTSIDER DIRECTORS

98  Ristić Mirjana, Milosavljević Milan
CRIMINAL ACTS AGAINST THE SAFETY OF THE PUBLIC TRANSPORT WITH SPECIAL FOCUS ON THREAT TO PUBLIC TRANSPORT

105 Subotić Borivoj, Stanković Ivica
DETERMINATION OF A GENERAL NORMAL DISTRIBUTION

109 Syngaivska Iryna, Shuldyk Anatolii
SOCIAL AND PSYCHOLOGICAL FACTORS OF COMPREHENSIVE EDUCATIONAL INSTITUTION HEADMASTER PROFESSIONALISM DEVELOPMENT

119 Ukić Nihad, Muratović Minela
PRINCIPLE OF CUSTODY RESTRICTIVENESS AGAINST JUVENILES - INTERNATIONAL AND DOMESTIC LEGAL STANDARDS

124 Vujić Vidoje, Radosavljević Dragana, Panagopoulos Alexios
ETHICAL AND MORAL DUTY AND RESPONSIBILITY IN BUSINESS

INSTRUCTIONS FOR AUTHORS
COMPETITIVE ABILITY OF THE ASSUMPTIONS OF STABLE GROWTH OF THE NATIONAL ECONOMY

Avdagić Mehmed1, Avdagić Dževada 2, Radić Maja 3, Golić Dženan 4

1Faculty for Education of the Executives, Novi Sad, SERBIA, e-mail: mehmed.avdagic@fpsp.edu.rs
2Health Center of Canton Sarajevo, Sarajevo, BOSNIA AND HERZEGOVINA, e-mail: ppdivut@bih.net.ba
3Faculty for Education of the Executives, Novi Sad, SERBIA, e-mail: maja.radic@fpsp.edu.rs
4The Independent Trade Union PPDIVUT BiH, Sarajevo, BOSNIA AND HERZEGOVINA, e-mail: m_dzinovic@hotmail.com

Abstract: Competitive ability is a basic need of every economic activity and increasingly dominates the comparative advantages. It is, in fact, the ability to profitably export, and survive on the domestic market. The essence of the competitive ability is the quality and attractiveness of the products or services, their innovation, but also in new and smarter ways of doing business and management, with the goal of "smart development". The role of the state regarding improving and stimulating competitiveness consists in the process of synergy effects equilibrium state measures and market laws, which stimulates everything creative and innovative that can contribute to the competitiveness and stable growth of the national economy.

Keywords: competitive ability, competitive advantages, market and market principles, creativity, innovation, the role of the state, synergy effects, the national economy

1. DOMINATION OF COMPETITIVENESS

Competitiveness category of the national economy suppressed an existing theory and practice of comparative advantages. The values of natural resources, natural beauty, locations of their potential significance, are entirely replaced by the abilities of companies and the overall economy to produce something, or to offer a service, whose benefit is based on efficiency greater than competition, favorable price and appropriate quality of the product, or service. In the production of furniture, the most important thing is where high quality wood grows, then where is the most attractive design and distribution logistics, for example.

Thus, the ability to profitably export, and also survive in the domestic market, while strengthening the economies of scale, shows the state of things, and who in the space of competitiveness succeeding and who is not.
The question of how to achieve the competitiveness of the national economy that will ensure the survival of the national and adequate presence on the surrounding, and then the distant markets, it is the assumption of achieving vital development goals of society, such as a higher level of employment of the working age population, social involvement of all sections of the population investment in physical and overall infrastructure, and steady and stable growth of living standards. At the same time, to stop the present trend of outflows of the population in Western Europe and overseas in search of employment that lasts for decades. The basic parameters of the success of economy are measured by GDP growth, the increase in employment rate and suitable infrastructure according to the requirements of business and life, and permanently sustainable growth of living standard. New investments and, consequently, the necessary capital investments, and market share increase in some economic segments of finding their own niche are the only permanent sustainable solution, therefore, raising the level of competitiveness in order to strengthen the export performance.

2. THE COMPETITIVENESS OF THE NATIONAL ECONOMY

Known turbulent events in our region from the late 80s after the fall of the Berlin Wall, marked by the war conflicts, radical changes and transformations, were the main concern of all social factors and the total population.

In the same period, the enormous developmental conceptual shift from comparative advantage to competitive advantage of the nation and each individual company has been realized worldwide. More natural resources and locations were not so important, but how to achieve the level of creating more sophisticated goods and services more successful than competition. This new understanding of the contents of competitiveness implies the following:

“The competitiveness is the country’s ability to achieve success on the world market, which allows a better standard of living for all. It is the result of numerous factors, especially at the level of competitiveness and favorable business climate that encourages the introduction of new products, processes, and investments. All these factors lead to increased productivity, increased income, and sustainable development.”

Thus, the objectives are to achieve stable economic growth, to raise the level of employment and quality of life, which is imperative for any government, i.e. the protagonists of economic policy.

But, how to do that? The answer lies in the need to raise the threshold of national competitiveness.

Raising the level of competitive ability of the national economy is the basic premise of stable growth, i.e. achieving of two important goals - to increase employment and quality of life. The total score of the current situation is contained in the conclusions of the high costs, especially labor costs. Then, weak demand for local products, i.e. limited market opportunities are a reflection of weak internal and foreign trade competitiveness of domestic producers.

Competitive power can be expressed by three basic characteristics - macroeconomic stability, the average growth within the region and the level of employment. A direct and
broader business environment (growth), the dominant mode of restructuring and increasing productivity (employment), as well as the need to maintain macroeconomic stability has its impact. Our situation is the fact that the bulk of the privatization process took place within the buying of the existing companies, so-called brown field investments, while the level of investment in innovation and new economic entities is unsatisfactory, lagging behind other leading transition countries.

3. INNOVATIONS - THE BASIS OF COMPETITIVENESS AND PRIORITY OF THE EUROPEAN POLICY

Innovations are not just new technologies, or new products, but these are new and smarter ways to perform tasks, new management methods, new business systems, or new services. Innovations do not only bring greater development, more jobs and money, innovations lead to the creation of “smart” development.

Smart development could include eco-innovations that improve the environment, or social innovations that provide similar opportunities to all. Innovations are not based only on higher production, or increasing sales, but bring a real improvement in our lives. Innovations that bring smart growth ultimately require social interaction, and social and cultural environment are the key to the innovation process.

Creativity and innovation are the top priority of European policy. Europe’s response to the challenges of globalization is the adoption of the Lisbon Agenda, which established an ambitious set of goals based on the idea that Europe needs to strengthen research and innovation in order to remain competitive. Focusing on innovation has led to the “birth” of a new generation of transnational cooperation programs with emphasis on funding innovations as a priority.

Knowledge and ideas are not by sufficient themselves, because it is important to translate them into action. What is important for the transfer of knowledge into new products and services? Investing in knowledge is not enough if that knowledge does not return the invested funds. Losing a job is not the problem - the problem is there are no new jobs creating. Innovations require competitiveness. In the transfer of knowledge and ideas into products and services, it is important to emphasize the need for better coordination of all levels and better cooperation between all stakeholders, i.e. between so-called “triangle of knowledge” - public policy, education and research community, on the one hand, and the business community on the other.

A well-functioning research centers, innovative and well-equipped industrial parks, are critical to the achievement of results in research and development. In addition, cooperation among regions and countries is specifically emphasized. A common challenge lies in the integration of shared resources, finding a balance between cooperation and competition, in order to enhance competitiveness. Shared resources include transport infrastruc-

---

2 dr Mehmed Avdagić, „Strateški menadžment“, Sarajevo 2009, p.45, The need for business strategy and development of the company comes from the mission and the needs of enterprises to survive, progress and gain profit on the market. On the other hand, the need for a strategy imposes the environment, whose essential feature is the competition, the variability of the structure and characteristics of the market and a host of influential factors from international relations, international and national regulations, and the development of technology, customer requirements, and practices.”
ture, energy and telecommunications, universities, scientific and technological centers and tourism.

Innovation and innovation processes belong to the basic factors of development and competitiveness of enterprises, whose importance is increased especially today, in a time of so-called knowledge based economy.

The OECD defines a knowledge based economy as directly “dependent on the production, distribution and use of knowledge and information.” This approach has evolved from the 60s to the late 20th century, when the influence of knowledge manifests itself as a central element of the new economy, with the domination of information and communication technologies, as key strategic dimensions of competitive advantages through new forms of communication and business - such as e-commerce and Internet use.

The concept of innovation is largely evolved in the last decade, together with the extraordinary development of innovation management. The European Commission, according to the standard document known as the Green Paper on Innovation from the 1995, defines innovation as “improving and enhancing the scope of products, services and related markets, establishment of new methods of production, supply and distribution; introduction of changes in management, organization and working conditions for employees.”

The development of the theory of innovation is associated with the analysis of J. Schumpeter in ’30s of the last century, which marked the innovation as a basic factor of technological progress and economic development, in terms of replacing old technology with new, called a creative destruction. He was one of the first scientists who recognized the importance of developing a new product - product innovation for economic development, considering that the competition, achieved by introducing a new product far more significant than the one based on marginal changes in the price of existing products. The approach by which the phase of establishment of each industry sector there is a radical product innovation developed much later, followed by a radical innovation of the corresponding production process, followed by diffusion of incremental innovations.

One of the simplest and most popular definitions of innovation is the process of turning ideas into practical application - realization. In other words, the process of innovation - innovation process (project), and output - innovation process output, which can be represented as a relation: Innovation = theoretical concept + technical inventions + the commercial exploitation.

In its definition of innovation and innovation processes, Porter, who has formulated a model known as five forces of competition, as one of the key elements citing the ability of enterprises to gain competitive - competitive advantage based on innovation, i.e. ability of the company to realize a successful innovational projects.

Generally, these elements of innovation processes are implemented in the organization through three key functions: research and development, production and marketing. Successful management of innovation is based on the concept of managing the knowledge flow within and between these (and other) functions in the company, which should support the communication with the environment in order to increase competitiveness and profitability, and achieving the overall business success.

The most important criteria for the classification of innovations, on which depends one of the distinctive attributes of each innovation - the degree of innovation, is nature of in-

---

3 www.symorg2008.fon.bg.ac.yu
4 Piter Draker, „Inovacije i preduzetništvo“, Privredne teme, Beograd 1991
novation and the type of paper. According to the criteria of the nature of innovation, there are two broad classes of innovations:
- Radical (essential) innovations;
- Incremental (evolutionary) innovations
Incremental innovations are small improvements, which can be described as “solving problem where the aim is clear and well known, but the solution is to find it.” In contrast, the result of radical innovations is new products/services/processes, and they can be presented as a process in which a research direction is known, but the ultimate goal is unknown. Incremental innovations are the most common form of innovation in many enterprises and in average, about 80% of all investments belongs to them. Within the different classifications, there is a group of so-called semi-radical innovations (between two general, final shapes). When it comes to the criterion of the type of innovation, the latest edition of a basic document known as the Oslo Manual (2005) - Guidelines for Collecting and Interpreting Innovation Data, for the first time explicitly states the following classes of innovations:
- Product/service innovation;
- Process innovation;
- Organization innovation;
- Marketing innovation
Bearing in mind that the innovation is one of the key factors of competitiveness, one of the elements essential to the success of the new task is the appropriation of innovation benefits. Appropriability represents an extremely important component that innovation and technological breakthrough transforms into the economic effect. The high degree of appropriability enables the company that is the leader in innovations to achieve the position of market leader, or to realize the benefit based on innovations. The capacity of the company for the appropriation of the benefits of innovation generally depends on:
- The ability of the company to transform its innovation advantage into commercially important products/services and processes (product/service innovation and process);
- The ability of the company to defend itself against imitators

4. THE ROLE OF THE STATE

When we look at every aspect of the subject that affects the competitiveness, we ask the question, where are the main causes of the unsatisfactory situation in this respect in our country. Are they predominantly a consequence of some of our properties (war, political problems), or the result of some sort of transition disorientation. That is the way to recognize how institutions are important.
Today it is a challenge to find the right balance between state and market, between collective action at local, national, and global level, and between government and non-govern-

5 www.symorg2008.fon.bg.ac.yu
6 Kyprijanov S., Shevtsova S., Regional innovative system as the main part of the national innovative system, „LAW, ECONOMY AND MANAGEMENT IN MODERN AMBIENCE“ LEMIMA 2011, 12.-15-APRIL 2011. Belgrade, Serbia
mental actions. As the economic circumstances change, so that balance must be redefined. The government must undertake new activities and abandon the old ones. “7

It is of crucial development importance to recognize and to appropriately define the role of the state in the intelligent development of each country, especially those where the process is just at the beginning. The role and responsibility of the state is to structure economic and political environment by encouraging investments, which inevitably must be preceded by raising the level of export performance. That means ensuring political stability, arranged legal framework and efficient public administration, create a real economic policy, be internationally active and open, and be more successful and plausible on its way to join the EU. In the field of industrial environment, it is necessary to accelerate the improvement of infrastructure and to encourage the cluster development.

In the field of human resources, it is necessary to raise the level of education quality, and encourage the processes of ongoing professional development. In addition, it is necessary to create the legal requirements for flexibility on the labor market, which does not mean an increase in unemployment or uncontrolled deterioration of the conditions of existing employees. Conversely, it must to be aimed at stimulating capital and entrepreneurs to help decide on new investments and new jobs.

In the context of raising the level of concern for human resources, it is very important to find ways of encouraging the return of high-quality professionals who spent part of their working life abroad, in the countries of exceptional competitive potential. Therefore, it is necessary to find ways to attract them to be employed in their country, which brings a number of benefits starting from lower infrastructure costs (existing apartment, houses), especially knowledge of social values and social system, faster socialization, and, consequently, more efficient professional performance.

Problems of export competitiveness must be solved with the full coordination of the government and the authorities of the republic, who must provide the clarity of the development goals, selection of appropriate instruments of economic policy and coherence in achieving development programs, common criteria of success with practicing actual specifics of each country and how to adapt the process of building competitiveness and finding the balance between state and market.

5. RESUME

Raising the level of competitive ability of the national economy is the basic premise of stable growth that is best recognized in increasing employment and quality of life. Weak competitiveness is taking advantages of high costs, especially high labor costs. Certain structural features of the economy contribute to that, which it is necessary to affect on thru the larger share of manufacturing and high-accumulative production of such products (and services) that will find its way to customers due to its quality and performance, both on the local and the wider international social and market environment. All this can be achieved by an appropriate activity and synchronization of all economic entities through the process of restructuring activities and checking the intentions regarding the export orientation and their affirmation.

Innovative products and services are the driving force of competitiveness. Innovative products are generators of demand, profits and customer loyalty. Good innovations give

the company a positive image; such products eventually become synonymous with quality and often are the decisive factor when deciding which product to choose. However, we should be careful, because each innovation, which carries a greater chance of success, entails a greater risk. Creating innovative products primarily requires knowledge of the consumer target market, knowledge of their own capabilities, as well as the competitive environment. Innovative products enable companies to become market leaders, but involve great risk, that will be reduced or eliminated if development process is properly managed. The state must be able to provide the balance of state measures and market laws in order to contribute to synergy effects of that balance, which actually means that achieved balance needs to release all that is creative and innovative, which can contribute to the competitiveness and exports, but also to prevent effect of negative factors that can hamper competitiveness.

BIBLIOGRAPHY:

ENTREPRENEURSHIP AND INNOVATION AS CERTAIN WAY-OUT FROM CURRENT ECONOMIC CRISIS

Belović Duško
PhD student, Faculty for Education of the Executives, Novi Sad, SERBIA, e-mail: ipginvestment@gmail.com

Abstract: The purpose of this paper is to highlight the question of the relationship between innovation, growth and entrepreneurship as possible path to solve actual global economic crisis. The paper investigates the process of reactualization of the role of entrepreneurship and innovation in modern economy. Actual direction of global economy changes, give increasingly relevance and importance of the innovation and entrepreneurship as a generators of the economic growth. Due to, many countries have recognized these processes as a vital elements of their recovery and development.

Keywords: entrepreneurship, innovation, economic crisis, economic growth, entrepreneurial economy, innovative entrepreneurship

1. INCREASING ROLE OF ENTREPRENEURSHIP AND ENTREPRENEURS IN CONTEMPORARY ECONOMY

The role and functions of entrepreneurship in the new global economy have taken on added significance and face compounded challenges. In recent years, also there has been increasing interest in comparing entrepreneurs from different cultures. Some author found significant differences across cultures in motivations to launch a new business. They concluded that entrepreneurship was not simply a function of opportunity recognition in isolation, but coloured by cultural perception of opportunity. In fact, a environment constitutes the initial conditions facing the entrepreneur. The most of authors defined entrepreneurship as forming and growing something valuable from virtually nothing; process starts from creating or grasping an opportunity, and then pursuing it. As we mentioned above, entrepreneurship is a very important dynamic process involving opportunities, individuals, organizational contexts, risks, innovation and resources. Furthermore, entrepreneurship is an attitude and capability that diffuses beyond the founding team to all members of its organization. Entrepreneurship has been recognized as a micro driver of innovation and economic growth. Lastly, entrepreneurship is more than the creation of a business and the wealth associated with it. It is focused on the creation of a new enterprise that serves society and makes a positive change.

Considering the role of entrepreneurship in the crisis, we can see that due to its ability of innovation and growth of investment, entrepreneurship is able to play a vital role in the current financial scenario by creating job opportunities and economic growth.
The key agents of entrepreneurship are entrepreneurs. An entrepreneur is a person who undertakes the creation of an enterprise or business that has the chance of profit (or success). In fact, entrepreneur, as a term, applies to someone who establishes a new entity to offer a new or existing product or service into a new or existing market.

First of all, entrepreneurs create a novel response to an opportunity by recombining people, concepts, and technologies into an original solution. An opportunity evaluation is perhaps the most critical phase of the entrepreneurial process, as it allows the entrepreneur to assess whether the specific new product or service has the needed returns. Entrepreneurs are perceptive and goal-oriented people. The ability to spot business ideas, to launch new products, or open new markets is triggered by the accumulation of confirming or disconfirming evidence as perceived by the entrepreneur. Also, entrepreneurs have a strong need for achievement, or a strong ego-drive. Entrepreneurs strive to make a difference in their own lives or the lives of others.

Entrepreneurship can consist of innovation or the introduction of creative change and change is generally considered as part of the entrepreneurial expectation. In that sense, the entrepreneur is a change agent. Therefore, more innovators need to be entrepreneurial, and more entrepreneurs need to be innovative.

2. KEY ROLE OF INNOVATION IN CONTEMPORARY ECONOMY

It is generally known that the key fundamental drivers of sustainable prosperity are innovation and productivity growth, and their interaction over time. Although an innovation is successful only with a good idea and efforts to convert the idea into a marketable tangible product or service, innovations are usually investigated in three distinct research agendas: new product development, process innovations and management innovations.

Once more, innovation is the process of putting ideas into useful form and bringing them to market, and, due to, innovation is the true engine of economic growth. Many authors described innovation as a virtuous circle of research, development and application, all of which must be pursued together in other to maintain a competitive edge. Therefore, we also think that innovations are the best - and maybe the only - way the countries like Serbia can get out of its economic and financial problems.

Also, we deeply believe that innovation requires radical change and a new vision, one that integrates the marketing, engineering and industrial design attributes necessary to succeed in globalized economy.

According to the OECD, innovation is the implementation of a new or significantly improved product (good or service) or process, a new marketing method, or a new organizational method in business practices, workplace organization or external relations of a company.1

Innovations transform economies into the knowledge-based economy and alter global relations and produce new structures of social control. Innovation can be developed in order to activate demand, by finding new ways of marketing products or services, but also through new applications of technology which will facilitate fast and efficient operation of the distribution network and conduction of transactions. Also, innovations and ideas that may arise from new research and data in the field of marketing could serve as a way-out from the current economic crisis.

Successful innovation requires contributions from managers, salespeople and customers just as much, if not more than, researchers and scientists. Therefore, without entrepreneurs there can be no future, yet without people able to work in an efficient, consistent manner there can be no present. In short, the promise of an innovative, entrepreneurial and competitive economy is being held out as the so-called panacea for economic ills. Innovation has become an increasingly complex process with an increasing number of interacting actors involved. Therefore, we need both individual and corporate entrepreneurship, innovation and operational excellence at the same time. In this sense there are a few key innovation dimension:

- **Pragmatic.** A focus on converting ideas into revenue growth and profits.
- **Customer-centric.** Discovering and serving customer needs, both explicit and hidden, to create a differentiated customer experience.
- **Open.** Cast a wide net to capture the best ideas from internal and external sources, and the capability to capitalize on them.
- **Holistic.** Innovation isn’t just about technology or a new product, but also your brand, operating environment, employees, the impact on your business ecosystem, and the impact on society.
- **Controlled experimentation.** Creating a culture that encourages organizations to experiment, rapidly prototype new ideas, and learn and capture new knowledge.\(^2\)

In other words, innovation is a pervasive phenomenon, whose effects are often ambivalent, i.e. leading to opposite direction, depending on the goals of the innovator, the technological opportunities as well as the society constraints.

### 3. INNOVATION AND ECONOMIC GROWTH

The role of innovation for growth is strengthened by advances in new technologies, and a greater focus on knowledge creation and use of new knowledge. Generally, innovations have improved consumer welfare through the introduction of new goods and services, improvements in the quality and lower costs of existing products. They also revolutionized the organization of production, not just the ‘technology’ of production as narrowly conceived, but also the management and global reach of corporations around the world. In short, innovation refers to a broad range of activities aimed in part at incremental improvements to existing products, processes, services (“new ways of making current products better, faster, cheaper”) and in part at revolutionary, breakthrough developments (“creating something not previously created”).

The so-called “new growth theory” has exploited this old Schumpeterian idea to formalize the link between innovation and long run growth. According this theory (Romer 1986, 1990) differences in economic development across countries should be understood as the outcome of differences in endogenous knowledge accumulation within borders. Investments in innovation can be of strategic importance for long-term growth. Most growth comes from improvements in efficiency and new technologies. The crisis causes some of these types of investments to fade away, but governments are trying to cushion the fall in private research and development (R&D) spending through support for private R&D. Many countries are investing in research infrastructure because it can be a double-

\(^2\) *Manufacturing Innovation*, Cisco White Paper, 2010, p. 8
dividend improvement. Many countries are also trying to connect spending in research, development and innovation to the market.

The Global Entrepreneurship Monitor\(^3\), a program initiated by Babson College and the London Business School to assess entrepreneurial activity around the world, explores the link between economic growth and entrepreneurship. The 2008 report discusses this positive relationship in terms of the diverse phases of economic development that vary from country to country:

- **Factor-driven economies** (economies relying on unskilled labor and natural resource extraction) will need to focus on institution-building, infrastructure and the provision of such basic services as healthcare.

- **Efficiency-driven economies** (growing economies in need of improving production processes and quality) will be most concerned with such priorities as domestic and/or foreign market size, financial market sophistication and labor market efficiency.

- **Innovation-driven economies** (the most-advanced stage in which businesses compete primarily on the basis of innovation) will have needs related to entrepreneurship-specific education and research and development.\(^4\)

\(^3\) [www.gemconsortium.org/default.aspx](http://www.gemconsortium.org/default.aspx)

\(^4\) *Entrepreneurship and Innovation: The keys to global economic recovery*, Ernst & Young, 2009


---

**Figure 1:** Entrepreneurship and the corresponding stages of economic development\(^5\)

During economic downturns, innovation is the single most important condition for transforming the crisis into an opportunity. Also, while many businesses simply won’t be able to afford further investment in innovation, governments should recognize that innovation...
systems, with all their academic, industrial, and public components, are strategic national assets that need to be protected, just like the financial and housing sectors. Figure 1 shows the relationship between entrepreneurship and economic development. Entrepreneurship is considered to be an important mechanism for economic development through employment, innovation, and welfare. The S-curve suggests that in the factor-driven stage a relatively small amount of entrepreneurial activity is productive, that is, it creates economic and/or social value. As mentioned earlier, this increases sharply through the efficiency-driven stage and levels off in the innovation-driven stage of development. As institutions are strengthened more and more entrepreneurial activity is shifted towards productive entrepreneurship strengthening economic development.

4. ECONOMIC CRISIS IS THE RIGHT TIME FOR INNOVATION AND ENTREPRENEURSHIP

If innovation is a key stimulant of economic growth, entrepreneurs are synonymous with innovation — and there's no time like a downturn to take advantage of entrepreneurial thinking. Unfortunately, public policy is not always friendly to innovation. During severe economic crises, governments often turn to policies that restrict or close the doors to what innovators need most: an open flow of people, goods, services and ideas. It is obvious, we think that the current economic and financial crisis is the first of this severity to hit developed countries since they have shifted to knowledge-based service economies. We think that the problem of the current economic crisis is not, inherently and mainly, a problem of supply, but a problem of active demand for goods and services. Although the global, hypercompetitive nature of the current business environment makes any competitive advantage short-lived, it would be a mistake to view these turbulent times as anything other than an unparalleled era of opportunity. Therefore, we accept opinion of many authors that current economic crisis can provide a perfect backdrop for disruptive or radical innovation. Moreover, we believe that economic crises are also historically times of industrial renewal and new economic take-off. Shortly, the current financial and economic crisis is providing the impetus for new entrepreneurs to take the step into self-determination and to build the employment base for the future. Furthermore, we think there is nothing like a good economic crisis to fuel the growth of new innovative energetic businesses. However, without brilliant engineers and competent management, the most advanced technology can wind up on the scrap heap of business history, or even worse, usurped by a competitor. Moreover, some authors suggests that, for some companies, the economic crisis can actually provide an innovation platform. While many organizations are focused on being solvent in this current economic crisis, companies with strong balance sheet should continue to focus their R&D effort on radical, or disruptive innovation. Also, we believe that in a current economic crisis an entrepreneurial culture will be a new “modus operandi” that will drive individuals, organizations, and societies towards an expanding set of new possibilities, ensuring not only business survival, but also self-renewal and the long-term health and well-being of the economy and society. Also, the current economic and social crisis invites us to discuss “sustainable innovation” or “environmental innovation” as a basis for a new techno-economic (and social) para-
digm founded on new technologies, and savings of energy and resources and on the deve-
lopment of renewable energies. In this context public policies to support innovation are
henceforth at the root of all scientific and technological initiatives.
In this process government can act as a catalyst to greater entrepreneurial action without
serving as the agent of action itself. It should invest in upstream areas, such as education,
as well as remove obstacles and encourage new forms of investment. For market funda-
mentalists, government is always the problem, not the solution. But over the centuries,
there are many examples of governments that have led the process of economic develop-
ment in their societies.
Indeed, the crisis is providing multiple opportunities for governments to take decisive ac-
tion on innovation. Given the deeply intertwined nature of the modern global innovation
system, they should act collaboratively — as they have already begun to do in addressing
the problems of the global financial system. International cooperation at this level has
been all too rare in recent years.

5. NECESSITY OF FOSTERING ENTREPRENEURSHIP AND CULTURE
OF INNOVATIVE ENTREPRENEURSHIP IN CRISIS

Strengthening and fostering entrepreneurship means channeling entrepreneurial drive
into a dynamic process that takes advantage of all the opportunities the economy can
provide. To flourish, entrepreneurship requires efficient financial markets, a flexible labor
market, a simpler and more transparent corporate taxation system, and business rules bet-
ter adapted to the realities of the modern business world.
Entreprises large and small have great trouble sustaining long-term superior performance.
Even with large R&D budgets, success at innovation is not automatic. The innovation
process requires active orchestration of both intangible and tangible assets by entrepre-
neurs and managers. This is true whether the context is the small or the large enterprise.6
Moreover, we have remember that the high-growth companies have been built by entrepre-
neurs with: 1) an innovative idea, 2) great ambitions and 3) significant market and
business related skills. In short, entrepreneurship is a great mechanism to deliver new
ideas, unique approaches and innovative technologies. When conducted in a proper way,
turning people into entrepreneurs improves a country's economic situation and aids sus-
tainable progress. However, transition to become an entrepreneur is not that aspiring to
all. Risks and uncertainties involved in starting a new business coupled with stagnant
economy discourage people to step up the plate and take a game. Therefore, teaching of
entrepreneurial skills at all education levels, from elementary school through university,
has a significant impact on levels of entrepreneurship throughout the world.
Fostering Entrepreneurship is commonly viewed in the light of economic growth, com-
petitiveness and job-creation. But this perception falls short on the social relevance en-
trepreneurship has for society. In fact, ever faster structural and competitive economic
changes are leading to significant changes in society. This affects the individual life plans
of particularly the youth and requires an increasing degree of self-reliance. In this context,
fostering entrepreneurship and self-employment also provides the population with a ca-

---

6 David J. Teece, “The role of managers, entrepreneurs and the literati in enterprise performance
and economic growth”, Int. J. Technological Learning, Innovation and Development, Vol. 1, No. 1,
2007
reer option parts of society might be better suited with to meet the changing demands of new economies. In this respect fostering entrepreneurship is not only an economic but a socioeconomic task for most economies.

6. CREATING A CULTURE OF INNOVATIVE ENTREPRENEURSHIP

As we stressed, entrepreneurship has more to it than just self-employment and hard work; to express its full potential one needs to put emphasis on the generation and development of ideas. Research on creativity suggests that all of us are able to engage in this kind of creative activity. Entrepreneurial initiative covers the concepts of creation, risk-taking, renewal or innovation inside or outside an existing organization. Promoting innovative entrepreneurship is therefore a central concern for government and industry. Innovative entrepreneurship is becoming the cornerstone of economic growth in the developed world. Entrepreneurship education and research are seen as important means to foster entrepreneurial culture. Lastly, innovative entrepreneurship need not rely on inspiration or luck, but can be fostered. Innovative entrepreneurs create ideas and have the ambition to build them into high-growth enterprises. Fostering innovative entrepreneurship is critical to our future competitiveness. It is these innovative entrepreneurs who are more likely to seek growth, create the majority of jobs and wealth, and therefore contribute to closing the productivity gap. Improvements in productivity are crucial to raising long-term economic performance and increasing living standards. Regardless of its traditional antipathy to innovators, every corporation must search for, recognize, communicate with, support, reward, publicly thank and stimulate actions of its quiet “positive deviants.” Working with, instead of against, the corporation’s silent innovators will require a significant shift in corporate ideas regarding risk. Firms must be intentional in creating an environment where appropriate risk is welcome and corporate incentives must likewise be designed to reduce risk-averse behavior. In other words, we can develop a tentative and working definition of the innovative entrepreneur as follows: a person who identifies an opportunity from an innovation, whether social or commercial, evaluates its market potential based on their own knowledge networks, financial or educational capital, and establishes an organizational structure, either within an existing entity or by creating a new one, that allows that innovation to be developed. Of course, it is important to distinguish between the “innovative entrepreneur” and the “innovation process”. Overall, the innovation process is the interaction between individuals within an organization or business once the innovative entrepreneur has identified, articulated and articulated a strategy to implement a commercial opportunity from an innovation. However, the “innovative entrepreneur” is an individual and the interest of any further work should be on identifying their attributes, the sources of their ideas, their finance, their social capital networks, their knowledge capital and, of course, the challenges and barriers that they face. In Schumpeterian light “innovative entrepreneur” is the hero of the business drama. First of all, he must be able to identify opportunities to define a new winning business models which come in variety forms in turbulent environment. Becoming a successful entrepreneur does not require a lot of money but require innovative ideas and a strong urge to do something extraordinary and prove oneself. It is amazing that there is no need of huge investment to become an entrepreneur. Because, if this would be the major requirement then none of the following would have existed who have created history of economic and business successes.
7. CONCLUSION

Entrepreneurship and innovation provide a way for many people and professionals to overcome the global challenges of today, building sustainable development, creating jobs, generating renewed economic growth and advancing human welfare. Innovation create new products that respond to what customers are looking for and succeed in the marketplace. Technological innovation is the best, and perhaps the only, way to overcome an economic crisis, and for that we do not need an indiscriminate expansive financial policy. Moreover, during economic recession, innovation is the single most important condition for transforming the crisis into an opportunity. Also, while many businesses simply won’t be able to afford further investment in innovation, governments should recognize that innovation systems, with all their academic, industrial, and public components, are strategic national assets that need to be protected, just like the financial sectors. Entrepreneurialism does more than rise to this challenge. In chastened times, it also spreads beyond the economy - into arts and culture, academia, professions, even pure science, which must fight harder for public interest when the public purse is otherwise engaged. Therefore, individual initiative must not be devalued by arguing that businesses do well (or badly) because of background factors: strong science research, a supportive legal framework, efficiency government, or just an “entrepreneurial culture” that makes businesses easy to form and transform.

BIBLIOGRAPHY:


TAX EVASION IN THE DOMESTIC AND COMPARATIVE CRIMINAL LAW

Coković Sabahudin
e-mail: sabahudin_cokovic@hotmail.com

Abstract: The object of this paper is the crime of “tax evasion”. The first part is dedicated to the conceptual definition and the elements of “tax evasion” in some comparative legal criminal law, i.e. criminal law of Albania, Finland, Croatia and Uzbekistan. In the second part, the author pays attention to the concept, basic elements and characteristics of the offense, “tax evasion” in Article 229 of the Criminal Code of the Republic of Serbia.

Keywords: criminal act, tax, tax, criminal sanctions

1. INTRODUCTION

Historically, tax evasion exists since the tax payment. Tax evasion has existed regardless of which form of state there was, regardless to governmental structure, which leads us to the conclusion that the negative social phenomena can never be completely eradicated. Tax evasion in the modern world, affects almost all modern countries, it is becoming the trend and a problem that needs to be addressed urgently. This negative social phenomenon is present in the territory of the Republic of Serbia, leading to the conclusion that neither our state is immune to the issue of tax evasion.

Community development causes an increase in the collection of public revenues; a notion of public revenues is mainly identified with the taxes because they have the largest share of the revenue.

Public revenues including taxes alone serve to satisfy public needs, i.e. government expenditure. Its characteristic is to be collected in cash, periodically and continuously. At the same time, along with the tax collection evasion of the tax liability appears, and that avoidance is often turned into tax evasion.

Tax evasion is legal with full use of the law for the purpose of reducing or abolishing the tax liability, and may be realized due to deficiencies or inaccuracies of the law.

Tax evasion involves illegal avoiding violation of the law in order to lower the payment or non-paying the taxes. Speaking of tax evasion, two types of fraud can be described - full and partial. Full tax evasion is not reporting earned income; while a partial evasion is reporting the revenues partially.

Tax evasion undermines the tax system and a number of factors affect the tax, such as level of tax burden, the fair distribution of the tax burden, tax technique, the ratio of tax administration to taxpayers and tax morale.
In Serbia, tax morale at very low level because most people think that tax evasion is normal and justified. For this reason, it is necessary that the tax authorities apply all available measures and instruments that will affect the reduction of tax evasion. This primarily refers to the identification of the various forms of tax evasions, which is most often encountered in the calculation of VAT. It is also the most abundant tax revenue of the state budget making 80% of total tax revenue.

Speaking of evasion of VAT, the most common cases occur with employers who pay in cash a major part of their income, to whom the account is blocked, showing false export deliveries, which carry out the delivery of goods and services on the black market, which stated incorrect information in the tax returns. In addition to the above common cases, tax evasion is done via so-called “phantom” companies that have no employees, no business premises, whose office is registered in a non-existent address, there is no commercial property etc.

2. TAX EVASION IN COMPARATIVE CRIMINAL LAW

2.1. Albania
The Criminal Code of the Republic of Albania provides only a tax criminal offense in Article 181. This offense is titled “Failure to pay the withholding tax.” It consists of non-payment of taxes or other duties prescribed by law in certain time by a person who has previously been administratively (misdemeanor) punished even though it was capable (able) to pay, without reasonable excuse.

The objects of this criminal offense are taxes, but other public fees too. The act of commission consists of unjustified tax evasion in the manner and time as specified by the law. However, the law for the existence of criminal offenses requires that the offender was able to pay a set amount of public duties. Secondly, it must be a person who has previously been convicted for a tax offense. Therefore, the perpetrator of this criminal offense may be only the person who has special traits determined by the law, i.e. it is a recidivist, a person who has a tendency of non-paying its duties or tax evasion. This criminal offense shall be punishable by a term of imprisonment for up to three years or a fine.

2.2. Finland
The Criminal Code of Finland in chapter 29 of the “Offenses against public finances” criminalizes three criminal offenses related to tax evasion, including tax evasion, aggravated tax evasion, and petty tax evasion.

---

1 Kodi penal i Republikës së Shqipërisë (Botim i Qendrës së Publikimeve Zyrtare, Shtator 2011), npërezero ca: http://www.justice.gov.al/UserFiles/File/Legjislacioni_Brendshem_Web/KODI_PENAL.pdf
3 Criminal Code of Finland (39/1889, amendments up to 940/2008 included), http://legislationline.org/documents/section/criminal-codes
4 Section 1. (1228/1997)
5 Section 2. (769/1990)
6 Section 3. (769/1990)
a) The crime of “tax evasion” is perpetrating a person who gives a taxation authority false information on a fact that influences the assessment of tax, files a tax return concealing a fact that influences the assessment of tax, fails to observe a statutory duty pertaining to taxation that is of significance in the assessment of tax, or otherwise acts fraudulently and thereby causes or attempts to prevent assessment and tax determination, causing the assessment of taxes at a lower value or the tax is being refunded groundless.

The commission is alternatively determined, so it can take be in the form of providing false information to the tax authorities, unfounded or unsubstantiated seeking of tax refunds, causing or attempt to prevent the evaluation and determination of the tax, causing assessment of a lower tax value, or in any other way makes evasion in order to avoid paying taxes.

The objects of this crime are taxes, but other fees too.

Perpetrator of this criminal offense shall be imposed a fine or imprisonment of up to two years.

b) Aggravated tax evasion is the criminal offense made by a person who obtains a substantial illegal financial gain, or the fraud is perpetrated in a special, i.e. specific manner.

The perpetration includes obtaining substantial financial benefits, contrary to the regulations in this field, fraud, or any other specific way.

The objects of criminal offense are taxes, but other fees too.

This crime is punishable by imprisonment from four months to four years.

c) The third criminal offense in relation to the Code is petty tax evasion. This form of the crime is specific in that the offender shall be sentenced to a fine, if it is assessed that the amount of evaded taxes is low, and the circumstances of the perpetration are related to tax offense.

If it is estimated that the tax increase is sufficient penalty for the perpetrator of this crime, the perpetrator may be released from punishment.

2. 3. Croatia

Croatian Criminal Code\(^7\) was adopted on October 21, 2011; and entered into force January 1, 2013. In Chapter XXIV, in the group of crimes against the economy, Article 256 criminalizes the offense entitled “Tax evasion and evasion of customs duty.” The protection objects in this criminal offense are taxes, contributions for social insurance, customs, and any other necessary liabilities or benefits.

This criminal offense\(^8\) is committed by a person who is giving false or incomplete information on incomes with the goal that he or another person wholly or partially avoid the payment of taxes or duties, objects or other facts that are important for determining the amount of tax or customs duty, or anyone with the same goal who in case of mandatory application does not report income, subject, or other facts that may affect the assessment of the tax or customs duties, and therefore there is a reduction or failure to determine the tax or customs duties in excess of HRK 20,000.

---

\(^7\) Kazneni zakon Republike Hrvatske (Urednički pročišćeni tekst, „Narodne novine“, broj 125/11 i 144/12): http://www.propisi.hr/print.php?id=11365,

\(^8\) Članak 256, stavka 1
This criminal offense is determined in two ways, so it consists of giving inaccurate or incomplete data on incomes, objects or other facts on the one hand and on the other hand consists of underreporting of income and other items, or the facts that are obligated under the letter of the law.

The perpetrator of this criminal offense should be aware of the fact it is avoiding entirely or in part the payment of taxes, duties or other prescribed duties by its act.

The perpetrator of this crime will be sanctioned by imprisonment of six months up to five years.

Those who use tax or tariff benefits in excess of HR20,000 contrary to the conditions under which it received them\(^9\), shall be fined according to a paragraph 1 of this article.

If the criminal offense from the paragraphs 1 and 2 of this article has led to a reduction in tax liability or non-determination of a large scale, the offender shall be punished by imprisonment of one up to ten years.\(^10\)

The provisions of paragraph 1 to 3 of this Article shall apply also to the offender that in described actions reduce the funds of the European Union.\(^11\)

2.4. Uzbekistan

The Criminal Code of the Republic of Uzbekistan\(^12\) in Chapter XII, entitled “Economic Crime”, prescribed the criminal offense titled “Taxes or other payments evasion” under the Article 184.\(^13\)

This criminal offense has basic and qualified form.

The basic form of the offense consists in the deliberate concealment or failure to report a profit (revenue) or other taxable items, or otherwise evaded taxes, duties or other payments.

The act of commission consists of deliberate concealment or failure to report a profit, or in any other manner that avoids payment of taxes, duties and other prescribed duties.

For this criminal offense, a fine up to one hundred and fifty minimum monthly wages, correctional labor up to two years, or imprisonment up to six months is predetermined.

The qualified form of this act performs a person who evaded taxes or other payments in the return or in high amounts.

A person who commits a criminal offense in the return shall be fined with the amount of 150 to 300 minimum monthly salaries, correctional labor from two to three years, or imprisonment up to three years.

Those who evade taxes or other payments in high amounts shall be fined in the amount of 300 to 600 minimum monthly wages, or imprisonment from three to five years.

The objects of this criminal offense are taxes, customs, and other prescribed duties.

If the offender meets its obligations to the state by paying taxes, duties, and other prescribed liabilities, it may be released from punishment.

---

\(^9\) Članak 256. stavka 2
\(^10\) Članak 256. stavka 3
\(^11\) Članak 256. stavka 4
\(^13\) As amended by Law 29.08.2001
3. TAX EVASION IN THE DOMESTIC CRIMINAL LAW

The Criminal Code of the Republic of Serbia\textsuperscript{14} was adopted on September 29, 2005, and entered into force on January 1, 2006. In the “Crimes against the economy,” group our legislators Article 229 provides for a criminal offense called “Tax Evasion “. This criminal act committed by a person who with intent to fully or partially avoid paying taxes, contributions or other prescribed duties, giving false information on legally earned income, on the subjects or other facts which may affect the determination of such obligations or with the same intention, the case of mandatory application, not the application lawfully earned income, or objects or other facts that may affect the determination of such obligations or with the same intention otherwise concealing information related to the establishment of the aforementioned obligation, and the obligation whose payment avoids exceeding 150,000 RSD.

Whoever with intent to fully or partially avoid payment of taxes, contributions or other statutory dues, gives false information on legal income, objects and other facts relevant to determination of such obligations, or who with same intent, in case of mandatory reporting (filing of returns) fails to report lawful income, objects and other facts relevant to determination of such obligations or who with same intent conceals information relevant for determination of aforementioned obligations, and the amount of obligation whose payment is avoided exceeds RSD 150,000.\textsuperscript{15}

The object of protection is a tax\textsuperscript{16}, the fiscal system, while the objects of the attack are taxes, contributions, and other prescribed duties.

The committed criminal offense may consist of: a) providing false data on legally earned income, on the subjects or other facts that are important for determining the obligation to pay taxes, b) failure to report legally acquired income or other objects or facts that are important for determining the payment of taxes, in those cases where the taxpayer is obliged by law to mandatory reporting, and c) otherwise concealing data referring to the establishment of the aforementioned obligations in terms of paying taxes, contributions and other prescribed duties.

In addition to the above mentioned, for the existence of this part, two more elements are necessary, namely 1) the existence of the intent of the offender to fully or partially avoid paying taxes, contributions or other prescribed duties at the time of execution of the action, 2) that the amount of the obligation exceeding RSD 150,000.

This is the premeditated offense.\textsuperscript{17}

The perpetrator of this crime can be any person. The prescribed penalty for the offense is imprisonment of six months to five years and a fine.

In addition to the basic form, there are two severe forms of this offense.

If the amount of the liability specified in paragraph 1 of this Article whose payment is avoided exceeds RSD 1,500,000, the offender shall be punished by imprisonment of one to five years and fined\textsuperscript{18}.

\textsuperscript{15} Član 229. stav 1.
\textsuperscript{16} Đurđić Vojislav, Jovašević Dragan. Krivično pravo, Posebni deo. Beograd: Nomos, 2010), 123
\textsuperscript{17} Stojanović Zoran, Perić Obrad, Krivično pravo, Posebni deo (Beograd: Pravna knjiga, 2006), 198
\textsuperscript{18} Član 229. stav 2.
If the amount of the liability specified in paragraph 1 of this Article whose payment is avoided exceeds RSD 7,500,000, the offender shall be punished by imprisonment of one to eight years and fined.\textsuperscript{19}

4. CONCLUSION

Tax evasion is a pressing problem that affects all countries and all modern legal systems. The fact is that no one likes to pay taxes, and therefore people are looking for various ways to avoid taxes or to reduce them. It is needless to emphasize the harmful effects of this negative social phenomenon.

States criminalize tax evasion or tax fraud in various ways, so we have the cases that in certain criminal laws one criminal offense is provided, and in some two or more offenses, pointing out to less severe or more severe criminal sanctions for the tax evasion offenders. Criminal Code of Albania stipulates in Article 181 entitled “Failure to pay the withholding tax” the criminal offense in relation to tax evasion. In the fight against tax evasion, this state stipulates the following types of criminal sanctions - a fine or imprisonment up to three years.

The Criminal Code of the Republic of Croatia, Article 256 criminalizes the offense entitled “Tax evasion and evasion of customs duty x evasion and customs”. The legislation provides imprisonment from six months to ten years for this criminal offense, which leads us to the conclusion that this country is more severe in terms of threaten criminal sanctions to perpetrators of these crimes, compared to the previously mentioned state.

Uzbek lawmaker also provides one criminal offense in connection with tax evasion called “Evasion of tax and other types of payments”. The sanctions for the perpetrators of this crime are fines of from 150 up to 600 minimum monthly wages; imprisonment up to six months; correctional labor up to three years, and imprisonment of up to five years. In contrast to the above-mentioned Code, the criminal law of Uzbekistan provides for the possibility of releasing from punishment if the offender meets its obligations toward the state, payment of taxes, duties and other prescribed duties.

In contrast to the above-mentioned Code, Finnish criminal code is distinctive in that it provides three offenses related to tax evasion, as follows: 1) Tax Evasion, 2) Aggravated tax evasion, and 3) Petty tax evasion.

In this country, to the perpetrators of the foregoing offenses may be impose a fine or imprisonment up to four years, with the possibility for exemption from punishment.

The Criminal Code of the Republic of Serbia defines a criminal offense, under the title “Tax Evasion” with more specific alternative actions. The imprisonment for the perpetrators of this crime ranges from six months to ten years, along with a fine, the same as in the Criminal Code of the Republic of Croatia.

In order to establish the tax discipline, it is necessary to introduce several measures, one of which is the imposition of stricter penalties and their rapid execution. It would also be desirable to allow access to information, through which taxpayers can find out who is included in the VAT system. This kind of access to information exists in many countries, and it is known that the better information has impacts on reducing tax evasion.

\textsuperscript{19} \textsuperscript{Član 229. stav 3.}
BIBLIOGRAPHY:

[5] Kazneni zakon Republike Hrvatske (Urednčki pročišćeni tekst, „Narodne novine“, broj 125/11 i 144/12).
DIRECTIONS OF THE STATE POLICY ACCORDING TO THE SOLUTION OF DEMOGRAPHIC AND LABOUR PROBLEMS IN NORTHERN TERRITORIES OF RUSSIA*

Fauzer Viktor¹, Fauzer Galina²
¹Federal State Budgetary Establishment of Science Institute of Socio-economic and Energy Problems of the North, Komi Science Centre Ural Branch of the Russian Academy of Sciences, Syktyvkar, RUSSIAN FEDERATION, e-mail: fauzer@iespn.komisc.ru
²Federal State Budgetary Establishment of Science Institute of Socio-economic and Energy Problems of the North, Komi Science Centre Ural Branch of the Russian Academy of Sciences, Syktyvkar, RUSSIAN FEDERATION, e-mail: gfauzer@iespn.komisc.ru

Abstract: The article proves the main directions of state policy in the field of the social and labor relations and demographic development of the northern regions of Russia; the levels of responsibility are defined (state - region - corporation); recommendations to the Federal Assembly of the Russian Federation and the Government of the Russian Federation according to the solution of demographic and labor problems are provided.

Keywords: North of Russia, state policy, population, demographic development, living standards, guarantees and compensation.

1. INTRODUCTION

Obviously, there is no uniform solutions of development of the Russian North. Meanwhile, the strategy of development of the northern regions of Russia is necessary. That question prompted by serious, largely mutually exclusive bases: the value of the natural and resource potential of the North to Russia’s economic security; the need to preserve traditional nature as one of the most important conditions for maintaining the ethnic group of northern people; difficult situation in the economy of the North, where possibilities of transition to the market relations in the conventional model less, than in other regions of Russia.

In order that the economy of northern regions of Russia gained stability it is necessary to overcome disproportions in development of extracting and processing branches, to reduce the share of resources in structure of commodity production while increasing its physical volumes, and also to promote the equally effective development of small, medium and large businesses.

For many years, the problem of developing the North viewed only from an economic point of view, but there is also one more important aspect - the people. At the same time
the active exploration of natural resource potential of northern territories led to anthropo-
genic pollution of the environment and the negative impact on the socio-cultural develop-
ment of the indigenous peoples of the North. Nowadays it is necessary to develop a strategy. Primarily due to the fact that there is the increasing differentiation in the socio-economic development of regions. The Ministry of economic development and trade pushed the concept of reducing differences in socio-
economic development of the regions in Russian Federation, called «equalization policy». There is a «Fund of financial support of regions», «Fund of regional development», «Fund of reforming the regional finance» which gave and give help in development of regional economy. It was supposed that more developed regions will help to develop to less devel-
oped regions and disproportions in development will be reduced. But this did not happen. As less developed regions didn't want to be tightened under the average level (if they are tightened, any more to them won't help), and more developed regions didn't want to help less developed regions and to develop in parallel. The policy showed the inefficiency [1]. Secondly, in our opinion, if to leave everything as it is going now, the natural course of existing processes will lead to realization to selective development of northern regions, regarding the production focused, first of all, on optimization, processing and export of raw material resources. Therefore there is an urgent need for working out the strategy of development of northern regions of Russia. It could determine their development, not only as sources of raw ma-
terials, but also as areas of intensively developing through the effective use of all available resources.

2. COORDINATION OF THE INTERESTS OF ALL MANAGEMENT LEVELS IN THE NORTHERN TERRITORIES

In this situation the problem of coordination of all management levels (states, regions, corporations, local communities, etc.) is of particular importance. The program docu-
ment focused on the creation of conditions for stable social and economic development of northern regions; on increasing the gross domestic product and a standard of living of the population on elimination of disproportions in social and economic development of regions belonging to the Russian North; on realization the unique geostrategic capacity of northern regions. For achievement this specified purposes of social and economic revival of northern re-
gions, fixing their sustainable development, the uniform strategy of development consid-
ering features of each territory also is necessary. Realization of Strategy of development in all Russian North will allow using:

- the principle of synergetic efficiency – inefficient from the economic point of view the separate regional projects having a strategic importance for municipality, have to be configured among themselves so that to provide the essential growth of the local economic efficiency;
- the principle of realism which gives the exact time frame of individual projects, the calculation of the available resources and the participation of all stakeholders;
- the principle of synchronization of projects – coordination of rate of implementa-
tion of each project in a context of other projects and design plans from the point of view of short, average and long-term goals and complementarity;
- the principle of a trans boundary – limits of compound projects don’t become isolated administrative borders of territories.

Definition of the strategy purposes is possible with primary orientation to the decision global, and already through it local tasks.

Searching the solution to problems of preservation and development of the North has the state value. Therefore during working on strategy the important role has to be given to measures of the state influence. After the transition to market transformations the approach which avoids any state involvement, even in those types of economic activity which are subsidized around the world is prevailed. It is necessary to analyze the state support measures, to define the priority directions of development and specific mechanisms for their implementation. There is no uniform decision, but there are a recognized need to use available competitive advantages of each particular area [2].

Force of a federal state is based on force of its regions. On the basis of such approach it is necessary to consider a question of features of the modern “northern” policy representing an important component of the regional policy of Russian. On the basis of such approach it is necessary to consider a question of features of modern «northern» policy which represents important part of regional policy of the Russian state.

The effective regional policy should include several elements: an understanding of the specifics of the region, working out the reasonable measures and decisions for the development of the region taking into account its specifics and consecutive implementation of these decisions in practical life.

It became obvious that the continuation of policy of the 1990-2000th doesn’t provide a sustainable socio-economic development of the northern regions, but also conducts to their degradation. The representatives of the northern regions of Russia had been saying about this problem for a long time. In order that steady positive dynamics of the North development was outlined, the relation to northern regions has to be changed in principle. In such country as Russia where the North occupies more than two thirds of the territory of the country, should be formed specific state «northern» policy [3]. At the basis of such policy the following principles and mechanisms have to be used:

- increasing the role of the state in combination with market mechanisms in regulating the economy and social sphere of the northern regions;
- creation of a common economic space with the mandatory-specific areas with special conditions of managing;
- a comprehensive socio-economic development of the northern territories, including new areas of natural resource development; support operating and creation of the new industrial complexes (clusters);
- state protectionism directed not on creation privileges and preferences for the population and branches of economy of the North, but on the mode of development taking into account ensuring the state needs and the social sphere;
- accelerating the introduction of science and new technologies, ensuring rapid growth in production while reducing process cycle time and the required volume of importation and storage of fuel, raw materials and other resources;
- the formation of intergovernmental relations, tax policy and customs positions with equal economic conditions for economic activities and livelihoods;
- the comparison of economic growth opportunities with effective management in special climatic, ecological and geographical conditions;
- maintenance of natural resource and capacity, taking into account the need to meet the needs of future generations;
- maintenance of transport systems serving major traffic flows in the North, including the perspectives of development of the continental shelf of the Russian Federation and the Northern Sea Route;
- formation of budgetary provision and sufficiency of the northern territories to meet the increasing cost of reproduction of labor resources and ensuring life;
- optimization of the population based on market principles of management, facilitating the resettlement of disabled and disadvantaged citizens;
- creating conditions for a traditional way of life and economic activities of indigenous peoples;
- providing a differentiated approach to each of the northern territory on the basis of climatic conditions, transport provision and the level of socio-economic development.

This policy will allow turning the North into dynamically developing region with steady economy and a stable economy and social progress, securely providing Russia’s demand for natural resources in the long term.

Does not require proof the fact that the work of people in the North is necessary today. It will be necessary in foreseeable prospect, until there are no real alternative fuel and energy resources. But the North - it’s not just a «natural larder». Northern territories have a strategic importance for Russia, first of all, in safety and defense capability of the country. The solution of demographic and labor problems requires a comprehensive approach, an active federal and regional socio-demographic directed on all components of preservation and increase in population – the birth rate growth, decrease in incidence and mortality, attraction and fixing of a manpower in regions of the North.

Practice shows that there are still very weak motivational mechanisms to attract and retain qualified personnel in the North, especially the youth, necessary for the region development. The system of attraction and manpower training for the development of the North, existing to the beginning of the 1990s, was destroyed, but the new system, assuming sufficient economic incentives, was not created.

The existing system of guarantees and compensations require major adjustment that would make life and work in the North attractive and a labor cost – justified from the point of view of compensation of material and moral losses of the person caused by extreme climatic conditions of this region.

For most people, especially for young people, the main incentives that are crucial when choosing a place of residence, are the presence of interesting and well-paid jobs, career opportunities, create normal living conditions, access to education, health, cultural and sporting institutions respective territory. Therefore, the solution of demographic problems of the northern regions of Russia is impossible without comprehensive modernization of social infrastructure [4].

3. THE MAIN DIRECTIONS FOR THE SOLUTION OF DEMOGRAPHIC AND LABOR PROBLEMS

The main directions for the solution of demographic and labor problems of northern regions were identified in recommendations at parliamentary hearings in the Federation Council of Federal Assembly of Russia: «Problems of legislative demographic en-
DIRECTIONS OF THE STATE POLICY ACCORDING TO...

sure implementation of state policy in the Far North and the districts equated to them” on November 30, 2011. All recommendations had address character on imperious levels management [5]. Let’s denote the main recommendations made by the participants of the parliamentary hearings.

1. To recommend to the Federal Assembly of Russia and Government of the Russian Federation to:
   1) develop and adopt the acts directed on activation of demographic policy of the state in northern regions of Russia, having provided additional measures for birth rate stimulation, reduction of mortality of the population, optimization of migratory processes;
   2) accelerate the development and adoption of federal laws in the Russian North and the Arctic zone of the Russian Federation;
   3) make changes and additions to the Labour code of the Russian Federation and to the Law of the Russian Federation «About the state guarantees and compensations for the persons working and living in the region of the Far North and equated to them districts», establishing:
      - a system of the minimum standards of conditions of work and standard of living of the citizens working and living in the region of the Far North and equated to them districts;
      - the minimum guarantees and compensations for the persons working in the organizations, not relating to the budgetary sphere, having determined their size not below guarantees and compensations of the persons working in the organizations, financed of the federal budget;
      - the specified concept of the minimum wage, having excluded from it compensation and stimulating payments (regional coefficients, percentage extra charges and so forth) and having defined that the sizes of tariff rates, salaries, basic salaries can’t be lower than a minimum wage;
      - the right of persons is younger than 30 years working in the region of the Far North and equated to them districts, on receiving a percentage extra charge to a salary in full from first year of work if they lived before work in these areas not less than 5 years;
      - the reduced 36-hour working week for the women working in the region of the Far North and equated to them districts, without instruction on need of inclusion of this norm in the collective agreement or the individual employment contract;
      - the account in seniority the period of baby-minding until the child reaches the age of three years and training time in higher education institution
      - uniform order, the size and conditions of granting a compensation for expenses on journey to a place of use of holiday and back for all persons working in the region of the Far North and equated to them districts and members of their families;
      - right for compensation from the federal budget for travel expenses and baggage: wards children to the place of vacation; unemployed disabled children who are the recipients of social pensions; children in need of spa treatment and living in families whose average income is less than the subsistence minimum;
- payments from the federal budget for travel expenses and baggage to unemployed pensioners of disabled age irrespective of a type of received pension, leaving for permanent residence outside of the Far North and the districts equated to them;
- the right for free travel once a year to the place of permanent residence and back to undergraduate and graduate students living in the Far North and the districts equated to them;
- free medicament from the federal budget for preschool children (under 6 years), children from large families, single-parent and low-income families;
- restore and consolidate the federal legislation sanctions of employers in the private sphere for providing northern guarantees and compensations to their employees;
- increase the size of the family capital for the persons living in the region of the Far North and the districts equated to them;
- establish that the monthly payments to veterans and disabled people living in the Far North and the districts equated to them to the mare paid based on regional coefficient;
- transfer the spending authority for the organization of emergency medical care with the use of aviation in the Far North and the districts equated to them to the federal level;
- provide in the legislation governing the provision of educational services, the possibility of establishing educational institutions in the form of nomadic educational school and nomadic kindergarten.

2. To recommend to the Government of the Russian Federation to instruct relevant ministries and departments of the Russian Federation to:

1) develop proposals for adjustment of economic and demographic policy, aimed at improving the quality of life in the Far North and districts equated to them, including systems of protection of a family providing creation, motherhood and the childhood, priority medical examination and improvement of women and children, increase in duration of a maternity leave, increasing the responsibility of employers for workers' health;
2) develop strict criteria for the health of people attracted to work and residence (constant or temporary) in the Far North and districts equated to them;
3) enter obligatory medical examinations at the expense of employers of the persons attracted for work (constant or temporary) in the Far North and districts equated to them, and accompanying members of their families;
4) identify and establish the form and order additional compulsory health insurance of persons involved to work (constant or temporary) in the Far North and equivalent areas, and accompanying members of their families;
5) provide conditions for effective treatment of regional pathology in northern areas, having provided retraining and professional development of primary care physicians in the prevention, diagnostics, treatments and rehabilitations of patients with regional pathology;
6) include the category of children of the indigenous peoples of the North in the list of persons subject to an annual medical examination at the expense of the federal budget;
7) take the measures providing target contract training specialists with higher and secondary professional medical education to work in the Far North and districts equated to them with obligatory working off by graduates not less than five years on distribution;
8) amend the health rules, regulations, and requirements for educational institutions, tailored nomadic educational institutions;
9) extend the practice of payment of the cost of airline tickets, river traffic on the citizens residing in the remote areas of the Far North and districts equated to them;
10) develop a mortgage and other types of housing loans to citizens attracted to work in the Far North and districts equated to them, with lower fees for the credit and the possibility of its consecutive decline with increasing length of service in the northern regions.

3. To recommend to state authorities of subjects of the Russian Federation which are in whole or in part carried to northern regions to:
   1) allocate an independent branch of measures in the regional programs of socio-economic development to improve the demographic situation;
   2) provide measures to promote and strengthen the institutions of social services for families and children;
   3) provide granting guarantees and compensations to the persons receiving them from the budgets of subjects of the Russian Federation and local budgets, in an amount not lower than from the federal budget;
   4) provide special standards and volumes of rendering medical care to citizens in remote and inaccessible areas;
   5) develop legal and economic mechanisms to encourage businesses and potential investors to participate in the socio-economic development of the territories;
   6) provide methodological support of the local authorities to manage demographic and labor processes.

4. CONCLUSION

We emphasize once again that for the solution of economic and geopolitical problems of the Russian Federation it is necessary to approach more closely to the solution of demographic and labor problems of northern regions. It makes a life of northerners comfortable and safe. For the successful decision of the mentioned problems it’s necessary to require a special authority to manage the North of Russia. There is a hope that this problem will be solved soon.

* The article was supported by the Russian Foundation for Humanities within the research project «Coordination of the interests of the state, regional, and corporate management to form and use the labor potential of the northern territories» (2012-2014, project № 12-03-00287)
BIBLIOGRAPHY:


CHALLENGES OF HUMAN RESOURCES MANAGEMENT AT GLOBAL LEVEL

Dragić Milan¹, Kastratović Edita², Ćilerđić Vesna³, Miletić Lidija⁴
¹Faculty of Business Economics and Entrepreneurship, Belgrade, SERBIA, e-mail: milan.dragic79@gmail.com
²Faculty of Business Economics and Entrepreneurship, Belgrade, SERBIA, e-mail: kastratovice@yahoo.com
³Faculty of Business Economics and Entrepreneurship, Belgrade, SERBIA
⁴College of Entrepreneurship, Belgrade, SERBIA

Abstract: In this paper we present the significance of human resources, as well as the challenges that managers face in respect of human resources management at the global level. We present the specific conditions of doing business at the global level and according to that we present the application of the adequate strategic decisions with the goal of adapting to those conditions. We also consider the significance of educational approach in respect of human resources at the global level and the application of modern technological achievement, with the goal of education and doing business in general at the level of an organization and wider.

Keywords: human resources, globalization, management.

1. INTRODUCTION

Human resources represent a significant factor in competition of organizations at the global market. The potential of employees can be seen in their qualifications and competence, abilities of team work, communication skills, creativity and loyalty to organization. Globalization is inevitable considering the economic parameters which present the condition for success. Decisions of organizations to open new organizational units in other countries, even on other continents, represent the rational decision in respect of decreasing of basic business expenses. Companies that build the production facilities in low-cost countries have competitive advantage in relation to the companies that have production facilities in countries where the expenses are higher. The greatest competitive advantage belongs to the companies that do business in countries with low incomes such as China, India, Pakistan, Cambodia, Vietnam, Mexico, Brazil, Guatemala, Philippines and a few African states¹.

Considering that the competitiveness is based upon quality, price, diversity, organizations have the imperative of having the best experts who will fulfill these conditions. Today the business systems are faced with exponential growth of knowledge, progressive worsening

¹ Thompson A. Arthur et all. Strategic management (Zagreb: Mate, 2008), 176
of the existing knowledge and fast innovation cycles, caused by the competition. In this way the managers and employees are forced to continually upgrade their knowledge and skills. Knowledge is the essential resource in turbulent circumstances of today and it also has a strategic role in efficient management of modern business systems\(^2\).

Human resources managers are faced with the challenge in respect of defining the real need for the staff, their hiring, implementation into work environment, care of their needs and rights etc. The greatest challenge of all mentioned is hiring the adequate experts, who will enable for the organization to be recognizable and successful in its field. The possibility of finding the employees for the business units at local and state level is not such a big problem, but it is a problem when an organization needs to find the employees for their units in other countries and continents. There are many obstacles in such circumstances: cultural, linguistic, political, social, ethical etc. Overcoming of these potential obstacles represents a true test of skills for human resources managers.

2. THEORETICAL FRAMEWORK

**Human resources**

Human resources management has suffered significant changes during time. By the change in business circumstances, the methods applied in human resources management have also changed. In the conditions of global business, human resources management has a completely different approached to solving the current issues that organizations face. In such circumstances it is necessary to give a fast reply to the constant changes that are present at global level. Organizations that have appropriate staff capable to see and analyze specific changes at global level and suggest an adequate adaptation of organization's business, are considered to be successful organizations.

The most significant novelty in modern environment the human resources managers are faced with is concerned with the appropriate relation with the growing competition. The greatest challenge is the balance between the need for lowering the prices on one hand, which provoke the reduction in production expenses and keeping the optimal number of employees, in such circumstances, on the other hand\(^3\).

Human resources managers are faced with challenges set up by different markets where the organization is present. Every state has its own cultural, legal, political and business code different from others. Certain procedures and actions can be done in defined matrix, in the same structural respect, in all the countries in which that organization does business. However there are certain procedures that have to be adapted to specific conditions of some countries in which they are done. This is where the managers should show their creativity and adaptability, in respect of defining the specific plans as well as conducting those specific procedures. The strategies that organizations apply while competing at foreign markets have to be adjusted to the situation.

For human resources management in global companies the best solution is the standardization of procedures, which facilitates the mobility of employees from one country to another, as well as completely using the best experiences and best practice in that segment. Problems that can appear in the respect of standardization of procedures refer to various


\(^3\) Torrington Derek et al., Human resources management, (Belgrade: Data status, 2004), 19
tax rates between countries, different trainings and qualification system. Besides this the laws on employment are also different, which provokes the need to adjust, and in certain situations to completely change certain procedures within HRM. In some states the collective contracts are binding, while in other states they are a matter of conscience of an organization and their managers4.

Expanding of the activities of an organization outside the domestic borders represents the possibility for expanding the knowledge as well as professional capacities. The transfer of expertise, skills and means from one country to another contributes to expansion and deepening of expertise and skills, which has a consequence of long-term gain in respect of human resources. The examples of successful transfer of expertise and knowledge at the global level are organizations such as Whirlpool and Wal-Mart. World manufacturer of home appliances Whirlpool, with 14 production facilities and sales network that comprises 170 countries, uses Internet to create global platform of information technologies which enables the company to transfer key innovation from one region to another in a fast and efficient way. The example of successful transfer can be seen in Wal-Mart company, which slowly but strongly expands its operations by using the strategy which is based upon transfer of significant domestic professional knowledge from distribution and discount retail into its other divisions in other countries5.

Organizations have to set a balance between global and local human resources management. Often, in the area of human resources management, international strategy is applied with small applications of global philosophy of human resources. However, the application at the local level has to be different6.

European Union has certain standardization; however the differences in certain countries are obvious. Minimum number of non-work days which are obligatory by law goes from zero in Great Britain to five weeks a year in Luxemburg. In Italy there is no obligation for employees to have their representatives on the Management Board, while in Denmark it is obligatory for companies that have more than 30 employees; they have to have their representative in the Management Board7.

In the research conducted in eight large companies, researchers asked higher managers for international HRM, which are the key global challenges in human resources management that they face, that is, which their company will face in the future. They got three answers that explain main challenges:

Allocation – The ability to use the right skills without any problems, where they are necessary, regardless of geographical location.

Expanding of knowledge and innovation – Expanding of top knowledge and practice through entire organization, regardless of the origin.

Discovering and developing the talent at the global scale – Discovering the staff that can successfully work in an organization and developing their skills8.

One of the significant goals of human resources managers is education and informing the employees, in order for employees to use the accessible information to upgrade their performance. Regardless whether the performance is in respect of the higher performance

4 Torrington Derek et all., Human resources management, 17
5 Thompson A. Arthur et all. Strategic management (Zagreb: Mate, 2008), 187
7 Dessler Gary, Basics of human resources management, (Belgrade: Data status, 2007), 347
8 Dessler Gary, Basics of human resources management, (Belgrade: Data status, 2007), 346-347
Managers of global organizations faced the problem of informing and training their employees in various countries and at different continents. Development of information technologies enabled the free flow of realization of their ideas and programs, and also the higher performance of employees. One of the successful examples of facing the challenges of the global human resources management is the example of international group National Australia Bank Limited (NAB), which thanks to Brett Ellison, manager of global e-business of NAB, managed to connect 18000 employees in its divisions worldwide. Because of Ellison’s suggestion NAB invested $11 million in a portal, which supported various activities of human resources management by various applications.9

Organizations, which have potential in respect of innovation and knowledge expansion, represent leaders who are taking over the strategy of researches. They direct their energy towards finding and choosing creative experts, who can realize their talent at the highest possible level. Organizations give a significant financial support needed to gather the most modern tools, which will help the creative individuals to invent a product/service based upon which the organization will stand out in the market "game".

This strategy is applied by the organizations that keep introducing innovations in their area of business. They realize this because of capable staff to recognize the specificity of certain situations and trends which the organization is currently in, and based on those assessments apply the adequate strategy. Competitiveness can be seen in the ability of the researcher to keep innovating, developing and testing new products. Organization, which is able to develop new products, which are sought for and for which the consumers are ready to pay, has success guaranteed. The examples of the companies that conduct the strategy of researchers are Fox Broadcasting Network and MTV10.

3. CONCLUSION

Human resource management at the global level represents a difficult situation but also a challenge. The significance of overcoming that challenge is obvious if we take into consideration the fact that competitiveness, and the success of an organization, depend on the staff’s quality on a large scale. This fact imposes the significance of the procedure of gathering the staff itself and taking care of their needs in everyday business. Investing in staff represents investing in competitiveness. Only the quality staff, that possesses an adequate interdisciplinary knowledge, can bring an advantage to the organization in a highly demanding global market. Other developing countries can give a significant contribution in respect of educated quality employees. Based upon the long-term investments the states could make certain cooperation with the economic entities which have the intention to do long-term business in those states. They could sync the market need for specific staff with the quotas for enrollment at education institutions. This could be of benefit to the country as well as the society and international organizations (companies) whose business units are in that country. The country would partly solve the problem of extra staff in certain professions and organizations would get quality staff motivated to get educated considering the potential of employees in the future.

9 Robbins P. Stephen, Coulter Mary, Management, (Belgrade: Želnid, 2000), 281
10 Coulter Mary, Strategic management at work, (Belgrade: Data status, 2010): 207
BIBLIOGRAPHY:

TRENDS AND OPPORTUNITIES OF ECO-TOURISM WITH AN EMPHASIS ON RURAL TOURISM IN SERBIA

Gajdoranski Aleksandra
Faculty of Management, Sremski Karlovci, SERBIA,
e-mail: aleksandra.gajdoranski@famns.edu.rs

Abstract: The main purpose of this paper is to review the main trends and opportunities for development of ecotourism in Serbia using the available primary and secondary data. Representing space in which traditions and pride of medieval rural Serbia are woven in, the values of the idyllic landscapes of untouched nature are highlighted.

Our country is committed to offer innovative programs within rural tourism on the European market. In this regard, we point out that the strategy of tourism development in Serbia established a selective approach, where the rural tourism stands out as a priority in forms of tourism that are tied to special interests. This is particularly emphasized development of ecotourism villages in mountainous areas, the water that offer a healthy environment, organic food, pleasant atmosphere, quiet holiday in the countryside, ethnographic and other cultural and historical values.

It is expected that tourist visits in Serbia will be experiencing a gradual expansion, calculated on the representation of all age groups of tourists, various forms of tourism trends with rich marketing facilities in rural tourism. Serbia is ready to offer a new kind of tourist services - life in the country with the use of existing facilities for independent living of families with two or three members, with activities around the small, rural household.

Keywords: ecotourism, rural tourism, market trends, opportunities, strategies

1. INTERESTS AND TRENDS IN THE FIELD OF RURAL TOURISM

Tourism related to the special interests include several aspects of tourism for which there is a corresponding demand showing steady growth, with an expected tendency of even faster growth in the future. This includes interest in the culture, archeology, art, architecture, sport, music, hobbies, hunting and fishing, sojourns in the village and other interests. This group of different interests is especially important in Serbia with those forms of tourism in which to some extent already a tourism product is established. One of these forms is precisely ecotourism, which is closely related to rural tourism. In developing, for the time being, small but high-quality nucleus of rural tourism it is necessary to build up environmental elements (development of eco-villages with different forms of common life, such as healthy food, walking, etc.).

Of the many definitions of the various authors, the most commonly used is the one that defines ecotourism “as a natural based form of tourism which is the main motivation for watching and enjoying tourist in nature, as well as the traditional cultures prevailing in natural areas” (International Year of Ecotourism, 2002).
Market trends in the world are moving in favor of rural tourism, which is confirmed by the estimates of the World Tourism Organization (WTO). Demand in the last 15 years shows a clear growth, where the highest rate of annual increase of about 25% have been observed in some of the countries of Southern and Eastern Europe. Based on research within rural tourism within Europe, there are about 200,000 known service providers, 2,000,000 beds and 500,000 directly and indirectly employed in the sector, with an annual consumption of about 65 billion Euros (http://ec.europa.eu/enterprise/sectors/tourism).

In our region, according to WTO data, Slovenia has the most developed rural tourism. The World Tourism Organization recommends Serbia to develop rural tourism, since it has many resources for the development of this form of ecotourism. The strategy for development of tourism in Serbia provides significant activity in this type of tourism and gives the priority importance to it. Rural tourism in Serbia contributes to the conservation of the rural environment and cultural heritage, but also economically motivates local people to stay in rural areas. This type of tourism could significantly contribute to the protection of nature, but also provide the means for survival and development of the village. The development of tourism in the villages of Serbia, as an organized activity began over a quarter of a century. The early development of rural tourism is linked to the spontaneous movement of tourists who wanted to briefly escape from the city, environmentally degraded environment and to spend some time in nature. At the beginning, this type of tourism dealt only with individual households. Over time, fueled by tourism companies, tourism in the country received a mass character. In order to develop tourism in the countryside, tourism companies appear, mainly in the mountainous villages (Devići, Brankovina, Studenica), tourism associations of municipalities (Kosjerić, Ivanjica, Knjić), and agricultural cooperatives and hospitality and tourism industry joined to this activity.

The economic importance that Serbia may have on the development of rural tourism is huge. For example, if we start from the simple premise that a rural household has only two rooms with two beds and issues them to foreigners only 200 days per year at the price of 20 Euro for full board, we get a figure of 16,000 Euros per year. In Serbia, half the population lives in villages, i.e. so it is the place where it is possible to find millions of households. If only 10% of these households decide to be engaged in rural tourism, it would generate 1.6 billion Euros just from the sojourns and food. If we add the revenue from transportation, tours, hotel spending, duty customs, etc. more than three billion Euros per year is to be expected, initially. Satisfied tourist spends over 100 Euros per day (www.cenort.org.yu).

In order to realize this, it is essential that many industries maximize its engagement. Let us mention only the construction industry, building materials, industrial equipment, food industry, transport, etc.

According to information from the archives of the tourist association, in the late eighties of the last century, 50 villages with approximately 3,000 beds in 800 households were engaged in rural tourism. Today, it is estimated that approximately 250 households has approximately 1800 beds. The Table 1 shows the official statistics in relation to the number of tourists in western Serbia, in period 1999 – 2012: According to official statistics, in period 1999 – 2012 about 300,000 tourists visited western Serbia per year. The largest number of tourists was recorded in 2012 (370,924) and the smallest number of tourist was recorded in 1999, (237,419) due to the political situation in the country and the period of NATO bombing of Serbia. Growth of the number of tourists after in 1999 has slow growth rate low because ecotourism as an economic sector is the most sensitive to changes in
the political and economic nature. It is important to point out that, regardless of the state trend, the number of tourist arrivals from year to year rises, i.e. has an upward trend. The rural tourism as a special tourism industry is getting more and more important, (www.dokuments%20and%20settings/korisnik/Desktop/Teksovi%20za%20projekat/Seoski%20turizam.htm).

Table 1: The number of tourists in western Serbia, in period 1999 - 2012
(Source: www.stat.serb.sr.gov.yu)

<table>
<thead>
<tr>
<th>Year</th>
<th>Total</th>
<th>Domestic</th>
<th>Foreign</th>
<th>Number of spent nights</th>
<th>BDP</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Total</td>
<td>Domestic</td>
</tr>
<tr>
<td>1999</td>
<td>237.419</td>
<td>226.441</td>
<td>10.978</td>
<td>1.291.621</td>
<td>1.226.012</td>
</tr>
<tr>
<td>2000</td>
<td>328.663</td>
<td>310.785</td>
<td>17.878</td>
<td>1.775.092</td>
<td>1.707.702</td>
</tr>
<tr>
<td>2002</td>
<td>300.936</td>
<td>284.122</td>
<td>16.814</td>
<td>1.472.350</td>
<td>1.413.215</td>
</tr>
<tr>
<td>2003</td>
<td>288.213</td>
<td>270.737</td>
<td>17.476</td>
<td>1.363.773</td>
<td>1.289.809</td>
</tr>
<tr>
<td>2004</td>
<td>313.138</td>
<td>292.683</td>
<td>20.455</td>
<td>1.337.820</td>
<td>1.262.565</td>
</tr>
<tr>
<td>2006</td>
<td>288.213</td>
<td>270.737</td>
<td>17.476</td>
<td>1.363.773</td>
<td>1.289.809</td>
</tr>
<tr>
<td>2007</td>
<td>347.997</td>
<td>313.260</td>
<td>34.737</td>
<td>1.432.774</td>
<td>1.323.578</td>
</tr>
<tr>
<td>2008</td>
<td>363.444</td>
<td>324.563</td>
<td>38.881</td>
<td>1.442.961</td>
<td>1.325.429</td>
</tr>
<tr>
<td>2009</td>
<td>318.118</td>
<td>279.700</td>
<td>38.418</td>
<td>1.294.672</td>
<td>1.185.114</td>
</tr>
<tr>
<td>2010</td>
<td>332.650</td>
<td>287.733</td>
<td>44.917</td>
<td>1.257.546</td>
<td>1.130.834</td>
</tr>
<tr>
<td>2011</td>
<td>345.248</td>
<td>300.062</td>
<td>72.262</td>
<td>1.350.141</td>
<td>1.200.459</td>
</tr>
<tr>
<td>2012</td>
<td>370.924</td>
<td>316.827</td>
<td>54.097</td>
<td>1.530.211</td>
<td>1.360.218</td>
</tr>
</tbody>
</table>

Based on the data of the Tourist Organization of Serbia, hosts in Kosjerić, Valjevo Ljig, Čačak, Požega Knić, Lučani, Mionica, Užice, Sokobanja, Ćajetina, Prijepolje, Brus, Šabac, Kraljevo, Ivanjica, Rača kragujevačka and Gornji Milanovac deal with organized tourism (SBS, Municipalities in the Republic of Serbia 1999-2012, Belgrade). Based on the survey, it was concluded that the majority of tourists who visit the villages of these municipalities are older age people, belong to the age group of 46 to 60 years (32 %) and the age group over 60 years (46%). A significantly smaller number of tourists belong to the age group of 31 to 45 years (15%), while children under 15 years accounted for only 7% of the total number of tourists. Of all the surveyed tourists, half of them are highly educated, while about 43% of tourists have secondary education. Most of the surveyed tourists are domestic tourists (86%) and comes from Subotica, Kikinda, Belgrade, Novi Sad, and Pancevo. The remaining 14% are foreign tourists, and they come from Skoplje. However, from discussions with the hosts, it can be concluded that visitors of Kosjerić are tourists from many European countries, such as France, UK, Netherlands, Belgium, Germany and other European countries. The majority of tourists (90%) were very satisfied with their sojourn in the village and the rooms were rated with 5 on a scale of 1 to 5. The remaining 10% of the tourists stays were rated between 4 and 5. Based on this, it can be concluded that tourists are very happy with everything that villages are offering, and that rural tourism is the future of these municipalities, regardless of minor and major fluctuations.

As for tourist valorization of rural spaces or areas in western Serbia, their condition was assessed with medium grade (2.72 to 3.88), while micro-location status and the availability were poorly rated. These environments, in addition to cultural, historical and artistic value, do not have adequate ecotourism facilities, which reduce the value of tourism and limiting them to regional importance, as can be seen in the following table:
Table 2: Tourist valorization of rural spaces or areas in western Serbia
(Source: Ivanović, M. (2009))

<table>
<thead>
<tr>
<th>Entirety</th>
<th>Place</th>
<th>Micro location and the availability</th>
<th>Touristic value of the environment</th>
<th>Cultural and historical value</th>
<th>Artistic value</th>
<th>Touristic equipment</th>
<th>Touristic richness</th>
<th>General touristic value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Zaseok Bebića</td>
<td>Valjevo</td>
<td>3.66</td>
<td>4.66</td>
<td>3.66</td>
<td>4.66</td>
<td>2.00</td>
<td>4.66</td>
<td>3.88</td>
</tr>
<tr>
<td>Selo Štitkovo</td>
<td>Nova Varoš</td>
<td>3.00</td>
<td>3.33</td>
<td>3.66</td>
<td>3.33</td>
<td>1.33</td>
<td>2.66</td>
<td>2.89</td>
</tr>
<tr>
<td>Tičije Polje</td>
<td>Prijepolje</td>
<td>1.33</td>
<td>3.66</td>
<td>4.66</td>
<td>2.66</td>
<td>3.00</td>
<td>2.66</td>
<td>3.00</td>
</tr>
<tr>
<td>Centar sela</td>
<td>Godovik</td>
<td>2.33</td>
<td>3.00</td>
<td>4.00</td>
<td>3.00</td>
<td>1.66</td>
<td>2.33</td>
<td>2.72</td>
</tr>
<tr>
<td>Stara Ćaršija</td>
<td>Bajina Bašta</td>
<td>3.33</td>
<td>3.00</td>
<td>3.33</td>
<td>3.66</td>
<td>1.66</td>
<td>3.00</td>
<td>3.00</td>
</tr>
</tbody>
</table>

GENERAL TOURISTIC VALUE OF RURAL AMBIENTIAL ENTIRETIES 3.10

2. OPPORTUNITIES FOR FURTHER DEVELOPMENT OF RURAL TOURISM

An important advantage of the development of rural tourism in Serbia is reflected in the achievement of household income with minimal investment. Households, in addition to agriculture, as the main activity in tourism sell their products at the most competitive retail prices, because the tourists come for the goods themselves. Bearing in mind this fact, the rural tourism should become one of the development generators of Serbia and the growth of overall economic activity. The prospect of Serbia is in agriculture and tourism. These two industries have to be closely related because both rely on each other and their common ground - the village. Prospects for agriculture and rural tourism are great. The world is increasingly demand high quality food, especially those produced in a healthy way. While food can be exported, tired man must come to our villages to be well rested. As estimated by the Observer, this year Serbia was ranked among the 20 of the most attractive destinations in the world (14th place) and that is the best way of talking about our perspective.

The Strategy of Tourism (2005-2015) was adopted in the Republic of Serbia, and points out to the possibility of the development of tourism in Serbia with focus on rural tourism in relation to trends in world tourism, with tourist strategic positioning, selection of priority of Serbian tourism products and the competitiveness plan, investment strategy, necessary investment plans and marketing plan. The expected results of the implementation of the strategy are achieving increasing the competitiveness of Serbian rural tourism, increase foreign exchange earnings, the growth of the domestic tourist traffic, as well as job growth through this type of tourism in order to transform Serbia into a competitive tourist destination. Development strategy of Serbia by 2015 envisages establishing of the
tourism clusters in order to successfully position Serbia as a relevant destination in the international tourism market. This strategy defines the following clusters - Vojvodina, Belgrade, Southwest Serbia and Southeast Serbia. The vision of rural tourism in Western Serbia from this strategy is following, “Western Serbia, the land of an open heart receives tourists from home and abroad, pointing to its rich heritage, nurtured and protected natural resources and modern accommodation facilities. Here are the key natural and historic resources of the country, and a high standard of well-equipped winter and summer recreation and health centers, as well as a dense network of roads heritage, offering a unique insight into a living organism of Serbian spiritual culture of the monasteries”. According to this strategy, positioning and brand of the Republic of Serbia as an eco-tourism destination has to offer interest for traveling to Serbia on the basis of a number of products, which are already nearly ready, such as city breaks, touring; MICE (Meetings Incentives Congresses Exhibitions), (meetings, tourism tied to special interests, conferences, exhibitions), cruising, and special interests (Tourism Strategy of Serbia, 2005).

Here are some guidelines for the future development of tourism in the country:

- For the further development of tourism in the country, it is necessary to apply the appropriate standardization and categorization of services, particularly adequate conditions for accommodation. Tourism law specifically regulates the provision of accommodation and food in the household, as a specific form of service delivery. Rooms, houses, and holiday apartments rented to tourists, shall meet the sanitary and technical requirements and are be classified in the appropriate categories by a specific act of the municipal authorities, as required by the Regulations on the classification, minimum requirements, and categorization of tourist facilities in the Republic of Serbia (www.razvojturizma.rs).

- Usage of available houses in the villages may be a part of completely new tourist package and deal for those people who live in major cities to be able to spend four or five months per year in the country side. Users of these arrangements may be, and in practice they are, retired people from the metropolis that rent their apartments to others, and can be retired person from our cities dedicated to themselves and their grandchildren. A survey by the NGO “Agroprofit” from Novi Sad, show there is a willingness of tourism organizations in local government to coordinate the implementation of such programs that bring profit to service providers.

- Today in Serbia, there are necessary conditions and extreme offers in villages remote from city centers, which only two or three households live in, with provided electricity, water, and telephone networks. Offers like these with independent taking care of food, exist in the municipalities of Pirot, Dimitrovgrad, Svrljig, Bela Palanka, but in slightly different conditions in lowland municipalities such as Bela Crkva, Čoka, Vršac and Beočin.

- Definition of deals with high-quality content and services of the hosts that in addition to a top accommodation have to tennis courts, swimming pools, children’s playgrounds, walking guides, and additional facilities for barbecue, wine cellars, etc. is realistic. The bikes are required on farms in the west, if there is an opportunity to use them, and in some regions, there are special sleighs, horseback riding, carriage rides, etc. Facilities for such a rich offer are located in large, remote areas, with no neighbors. The overall price of this service is more expensive than a high-class hotel.
- Of particular importance are investments in infrastructure (roads, telecommunication, etc.), the provision of health care and the preservation and protection of the environment in order to prevent uncontrolled urbanization.

- One of the most important tasks in the development of rural tourism is to educate rural home for engaging in this activity. A great role in this should have the non-governmental organizations, tourism organizations, municipalities and all stakeholders. First, it is necessary to point to the economic feasibility of carrying out this activity through domestic and international positive experiences in countryside tourism.

- The hosts should attend specially organized lectures and read the relevant literature in order to be familiar with the standards related to guest’s accommodation, appropriate hygiene requirements, method, quantity and quality of services of nutrition, behavior towards guests and other necessary conditions for comfortable stay of tourists in the countryside.

- On the achieved level of development of rural tourism, the role of animation of the users and organizing field trips, sports and other cultural, entertainment and recreational activities take tourism organizations of municipalities through which booking of the accommodation were made, which are engaged organized in tourism. In the future development, in line with market-based development of all, and this type of tourism, the role of supporting the activities of the organizers and the reservation of accommodation will take over the travel agencies having an interest in engaging in this type of tourism.

- Tourism product of rural tourism must also have adequate sale channels. It is necessary to overcome the lack of organization in filling the capacity of tourist facilities in the villages while travel agencies should perform sale. Organized way of selling will greatly contribute to a better matching of supply and demand for holiday in the country and certainly will help rural householders to fully valorize made investments.

- Promotion of eco-tourism (accommodation in the countryside, authentic food) started without integrated supply - each host was operating in accordance with the budget, and usually, it was expected that the media would react emotionally and promote such programs. That was the case for some time, but it is not possible to rely on that. The fact that conditions the agro-tourism sector have improved is obvious thru the fact that great number of families depend on this, it has become the main occupation of many families, rather than as an additional activity. According to incomplete data, around 120 villages in Serbia have no other income (pensions, children support or part-time work).

- On the demand side, in line with international experience, there are tendencies to the greater sophistication of tourism demand and its fussiness in relation to the quality, content, price and other elements of specific destination. The general position is that in the tourist demand, the individualization of the requirements with the orientation of the special interests is increasingly coming to the fore, and that is the great chance of rural tourism.

- For the approach to planning tourism development in the villages of Serbia, of particular importance is market research, and the use of marketing instruments. Tourist values in Serbia are highly correlated with these growing trends when it comes
to foreign as well as domestic tourism demand. Because of this, it is necessary to determine the target markets i.e. their segments, on which positioning of Serbian villages would be performed. On the domestic market, it is primarily urban population, and a large number of potential tourists from Vojvodina of certain age, educational structure and affordability. As for the international market, selling holiday facilities in rural areas will have to be much more direct and to meet the demands for individualization.

- Positioning of Serbian tourism products will be based on the preservation of the natural environment, the diversity of the tourism product, the richness of the cultural heritage of the village (architecture, tradition, old crafts), as well as the hospitality and warmth of the population.

- The number of registered organic food producers in Serbia is 150, but it is not a measure for the offer because 1000 households in extensive conditions opted for this type of production, and these products can be part of the tourist spending in the rural environments. Often offers include this type of foods are reduced to dairy and meat products, rather than offering healthier fruits and vegetables. This type of food preparation involves thorough education of producers and users, which is often lacking in the field.

Based on the above facts, our potential for ecotourism development, with special emphasis on rural tourism, are listed in the following - a regional approach to tourism development (forming clusters); land usage plan of the district, geographic and strategic position, commercialization and conservation of cultural and historical heritage; building the road network; involvement of local communities, intergovernmental cooperation, stimulating the development of this form of tourism by the state; marketing plan, implementation of the Strategy for the development of tourism, the impact of this form of tourism in the development of other activities (the typical product placement); adapting to educational backgrounds; the ability to access donor programs and funds, strengthening public-private partnership, market-oriented operation of the tourist facilities, local and regional media, improving the image of the destination, etc.

3. CONCLUSION

As already mentioned above, Serbia has a number of resources on which it is possible to develop rural tourism as an important aspect of eco-tourism. Unused potentials indicate an unfair representation of eco-tourism, the need for better management and development of rural tourism in Serbia. It is necessary to develop interest in the culture, archeology, art, architecture, sport, music, hobbies, hunting and fishing, sojourns in the village and other interests.

All of these forms should be adequately involved in the design and development of eco-tourism, and as such become a permanent offer in other forms of tourist movements, and in our case, it is a village. Combined with natural resources as the main motive of tourist movement in Serbia, rural tourism could become a significant factor in improving tourism in general, and setting aside as an independent form of tourist movements.

There are good initiatives, proposals and projects for the development of this type of tourism, but they are still untapped and without continuous marketing. The goal is to get tourists who come for vacation or business commitments to encourage for intensive use
of rural tourism facilities, to enhance the offerings and services. This would increase the competitiveness of the tourism sector, which would still allow for an increase in foreign exchange earnings, growth in domestic tourist traffic as well as job growth.

This goals should answer the basic key questions related to this issue, which is, In which direction development of rural tourism in Serbia will continue; In which way Serbia can identify areas with the greatest potential for the development of rural tourism so Serbia could improve the competitiveness of the tourism offer in the tourism market, How to find resources for funding future development of rural tourism in Serbia, How to ensure the implementation of this objectives to the greatest extent.

**BIBLIOGRAPHY:**


[13] www.razvojturizma.rs


[15] www.istorijskiarhiv.rs

[16] www.kosjeric.org.rs

[17] www.manifestacije.com

[18] www.nadlanu.com

[19] www.selo.co.rs


[21] www.turizam.merr.gov.rs
NEW STRATEGIC MANAGER AND ALLOCATION OF CORPORATE ASSETS

Gijić Nebojša¹, Lilić Vladana², Reko Krstina³
¹Faculty for Education of the Executives, Novi Sad, SERBIA, e-mail: nebojsa.gijic@fpsp.edu.rs
²Faculty for Education of the Executives, Novi Sad, SERBIA, e-mail: vladana.lilic@fpsp.edu.rs
³Faculty for Education of the Executives, Novi Sad, SERBIA, e-mail: krstina.reko@fpsp.edu.rs

Abstract: The deployment of resources i.e. their allocation is an inevitable problem in nearly every business system. New managers are faced with critical strategic choice. Do they need to settle down on the job and spend a year getting to know the operations of the company and then start changing the portfolio? Or is it better to act quickly, boldly and immediately divert funds from ordinary activities to a new generation of corporate opportunities?

Keywords: strategy, allocation, management

1. INTRODUCTION

The term allocation of resources in the field of business management, most often involves the process of redistribution of financial capital from one business activity that one business unit deals with to another activity that other business unit deals with, in order to increase the total revenue of the observed business enterprises and the reduction of its cost. The special significance of allocation is expressed within enterprises with complex organizational structure dealing with multiple activities, i.e. multi-business companies. In addition to the allocation of capital, of course, it is possible to allocate all the other resources to a greater or lesser extent depending on the decision of the management.

Reasons for the market transition of the company and hence for subsequent allocation and re-allocation of resources resulting from stagnation or disappearance of existing target markets, pushing the limits of critical success factors, erosion of competitive advantage, the emergence of new competitors, the development of new markets.¹

The way of presenting a vision or a plan of work (change of plan) to subordinates, referring to a number of established values that are later concerning the way in which business is conducted; essentially determine the manner and the acceptance by the staff. People must be handled carefully because they bring the success to the organization, on their full engagement depends the success of a business venture, not the vision or idea. The leader

has a crucial role to play in fostering and strengthening of creativity and creative thinking of the team members, and this is one of the basic requirements of a good acceptance and implementation of change and innovations in companies. Early changes in the course of business and company management can lead to improved operation of the company and eliminate unplanned events over a longer period.

2. COURAGEOUS MANAGERS

Maintain a competitive advantage and even survival of the company is primarily determined by its willingness, non-inertness and ability to adapt to the market, i.e. to modify its offer, to establish a new relationship with the challenges and constraints of the environment through the re-allocation of its resources.2 In the period 1990 – 2010, those executives who have changed suppliers of the company at the beginning of its term have contributed to the increase of income for the owners of the company, then those who did that later.3 In this process, managers with more courage are thus provided the time at the top and deserved respect. More importantly, a similar decision regarding a change of personnel in the company also brought different results. Primarily it had a positive effect on those leaders who have made a change of personnel at the beginning.

The available database, which consists of 1500 companies with multiple branch operations in the U.S., shows a small group that has changed its managers. Then new leaders were appointed (there were 365 of them), into two equal groups, roughly taken: those that have changed the way of business during the initial three years of work and those who have done it before. When they compared these results with the work of managers, it was concluded that only one third of relatively inactive progressed in their work, only after six years. Only one quarter of the managers has become the main managers. Those who easily moved to new alternatives, and then slow down and return to the established paths achieved the best results, thus allowing market to “understands” them and evaluate their decisions. In contrast, inactive managers - who moved to new sources of business after several years of work, and then change the speed - were not crowned with glory and praise.

The key to making changes is not only the acquisition and relocation of the capital, but the courage to make important decisions and to accept the challenge of a new job without thinking, and this act can often make moves that are treated as a risk to the business and to initiate new investments “growing” alternatives. Active and courage managers are predestined to make bolder decisions rather than their non-active competitors. Hence, they define goals and methods for their implementation and impact on subordinates to achieve them.4

2 Đogić R., Arnaut E., Kulović Dž., 2009., “Nužnost završetka privredne tranzicije u Bosni i Hercegovini kao pretpostavka privlačenja inostranog kapitala”, zbornik radova naučnog skupa sa međunarodnim učešćem - Inostrani kapital kao faktor razvoja zemalja u tranziciji, Kragujevac, Univerzitet u Kragujevcu – Ekonomski fakultet u Kragujevcu, 155
4 Zornić Džemail, Rušović Munir, Plojović Šemsudin, Ujkanović Enis 2012., “Information Technology and Knowledge management as a Basis for the Economic Development”, Novi
3. “FAST” MANAGERS

Interestingly, managers selected outside companies much easier take the responsibility for the tasks they accept or reject from the candidates who have been “created” in the company. Internal candidates who are not affected by their personal empathy to the company they work for, may be repugnant to the removal of jobs controlled by the persons of the same age. New internal managers may have certain tendencies to existing ways of doing business. Finally, an example is taken from everyday life showing that one who is raising a child shall be deprived of subjectivity to it, when it should be evaluated and analyzed.

Value of the managers is reflected in making quick and important decisions about changes in equity, i.e. top talent. The database tells us that managers who hire or replace any member of the executive council during their first year were able to stay longer in a managerial position than those who were not able to do so. The analysis shows that the greatest impact is gained by changing the members of the “top” team of the company, rather than a change of the manager in a lower position in the hierarchy. If they are courage enough to get new talents and implement a new strategy for the development of the company, the new managers can expect good results and record positive reviews.

New managers must consciously take advantage of a period of “the honeymoon” in their work at the beginning, in order to bring some important decisions related to capital and management. Markets later recognize the results of diverting – the first step is taking the value of the shares down. It takes usually one to two years for results to be positive. The message of this study is that after a while the market is less forgiving to those managers who procrastinate.

Suggestions to new managers on the road to a successful career:

1. Explain the allocation strategy at the very beginning. Investors may be dissatisfied with every plan that undermines their profits at the beginning, but it will certainly be cooperative if they immediately make it clear that the project is being prepared, the reason for this and the projected time will bring positive results. As much as possible, you should take into account the long-term investors and not to worry about the owners of shares who work in the short term.

2. Be courage. Do not worry too much about the allocation. It was presumed there would be companies that were previously carried out the aforementioned allocation assessed positively by the governing board. This epilogue was not found in the database of multi-business companies in the United States in the last 20 years. It seems that managers do much less than they should, in order to optimize the total return of funds to shareholders.

3. Offer good business opportunities for a young, fresh graduate candidate. Managers must ensure the employment of high quality people who will be dealing with new or expanded activities within the business strategy of the company. One of the basic misconceptions of classical management and organization lasts several decades and it is the fact that the material resources are primary for the achievement of corporate performance. In order to gain influence in the work and to earn the respect of colleagues, it is necessary to expand the number of managers in the firm, and it is of vital importance for the simple reason that in this way it is possible for a manager to contribute to successful allocations.

4. Win the support of the governing board. The most influential executives focus on the analysis and the results of the strategy (to ensure that the people, resources and processes are able to finish the project), and count on the support of the entire management.

---

5. The failure or error arising from deliberate experimentation, or researching new technologies, processes and concepts of work, may even be praised. Innovative organizations encourage individuals to explore, and if it is successful, management encourages those who make mistakes and thus encourages them to continue experimenting and searching for new technological, organizational, and other solutions.

6. Establishing a positive climate. One event at a time set standards of behavior for the entire team.

5. CONCLUSION

The only guaranteed things that will happen in the business are changes. They are inevitable, both in life and in business. The time we live in brings a dynamic, fast pace, constant adapting. These changes affect business world more than other. The recipe for success lies in developing a sense of change in the management of the company.

If a manager is courageous and willing to risk, hence the company he works for gain benefits. Every change is an opportunity for a clever man to make use of it. Chance turns into profit, which is characteristic of a smart manager. Ordinary people always try to predict the outcome of the future, and managers are constantly occupied with this issue because their business career depends on it. They will be remembered for their work and thus be labeled according to their decisions. Successful companies have managerial teams with specific skills, knowledge and distinctive corporate culture and values on which they are able to define a clear and efficient strategy for resource changes in a different economic environment that will result in the realization or at least maintaining and even increasing the revenue of the company.

The conclusion is that the reallocation is similar to muscles, the more you exercise, they increase strength to overcome unplanned burden in the future, and muscles need even more training new during the ongoing challenges in order to be strong, and not to be damaged by a rapid training that can even result in unplanned medical intervention. Achieving of a high level of resources reallocation doesn’t slowness, sluggishness, lack of leadership, indecision, fear, laziness, lack of initiative, but it requires high quality management personnel who possess the knowledge and experience in first place, leadership, lack of personal interest, commitment to achieving the company’s success.

BIBLIOGRAPHY:

[2] Đogić, R., Arnaut, E. & Kulović, Dž.: Nužnost završetka privredne tranzicije u Bosni i Hercegovini kao pretpostavka privlačenja inostranog kapitala, zbornik radova naučnog skupa sa međunarodnim učešćem -

---


TRANSFORMATIONAL MANAGEMENT DEVELOPMENT PROGRAM IN ELEMENTARY AND SECONDARY SCHOOLS IN BOSNIA AND HERZEGOVINA

Hasanović Halil1, Jahić Merima2, Murselović Lejla3
1EU VET III, Sarajevo, BOSNIA AND HERZEGOVINA, e-mail: halil.hasanovic@bih.net.ba
2Faculty for Education of the Executives, Novi Sad, SERBIA, e-mail:jahicmerima@hotmail.com,
3Faculty for Education of the Executives, Novi Sad, SERBIA, e-mail:husnija@teol.net

Abstract: Empirical research in primary and secondary schools in Tuzla Canton, Bosnia and Herzegovina confirmed the theoretical expectations that successful schools have high and very high levels of transformational leadership methods. Transformational management strongly supports building adaptable organizational culture of the school in environment full of changes that make vague and undefined tasks for their followers. The proposed strengthening program of transformation method is based on keeping the results of good practice in the training of educational managers. It is the synergetic product of many years of researching by several authors in the field of management education in particular, and the actual practice of keeping the operation of primary and secondary schools in Bosnia and Herzegovina.

Keywords: elementary and secondary schools, educational management, program development, transformational leadership, transformational changes

1. INTRODUCTION

Transformational way of managing defines adaptable and flexible organizational culture towards the challenges of the environment (Burns, 2006), and it is a pledge for the survival of the organization in the future (Howard, 2004). Transformational way of managing contributes to transforming the old into the new values that are complementary in relation to radical challenges in the environment (Bass, 1990; Northouse, 2001). Adjusting to change is a precondition for the survival of any organization. Earlier studies of transformational managerial methods (Hasanovic, 2009; Isakovic, 2008) have confirmed its high impact on the introduction of changes in primary and secondary schools in Bosnia and Herzegovina. Studies have shown that the training of the secondary school principals in the field of management significantly contributed to the development of transformational managerial methods (Hasanovic, 2009), which is typically a feature of the principals of particularly successful schools. Training principal program and management teams in the field of application of the modern management concepts, and in particular, the transfor-
Transformational management will significantly contribute to the strategic adjustment of primary and secondary schools to changes in the environment.

2. THEORETICAL REVIEW

2.1. Education of the principals of elementary and secondary schools regarding the introduction of modern ways of managing in Bosnia and Herzegovina

In Bosnia and Herzegovina, until now there was not a decision on mandatory system and the comprehensive (formal) education of the principals of elementary and secondary schools in the field of educational management. Former education of school principals was organized mostly by international governmental and non-governmental organizations directly involved in the reform of the education system in Bosnia and Herzegovina. Organized by the Soros Foundation – FOD BIH, in period 2001/2002 school year, a group of 20 principals of primary and secondary schools from the region of Tuzla Canton was trained. Trainers from the “Škola za ravnatelje” school from Ljubljana according to the national principal training program realized one-year training in the Republic of Slovenia. Curriculum of the “Škola za ravnatelje” school was adapted to the conditions in Bosnia and included training in the following modules (Hasanovic, 2009):

- Introductory module - 20 contact hours
- Theories of organization and management - 20 contact hours
- Planning and decision-making - 20 contact hours
- Director as a pedagogical leader - 20 contact hours
- Working with people (HRM) - 20 contact hours
- Legislative module - 20 contact hours
- Optional content and end of the program - 24 hours

It should be noted that during the training mainly were represented interactive methods of learning, which is a special quality of formal training programs. The program ended by taking principal exam, and all participants received a diploma and diploma supplement. In total, training program lasted for 428 hours, and in addition to the contact hours (lectures, workshops, seminars, conferences) encompassed and self-involved theoretical and research work in the elaboration of specific problems of educational theory and practice of leadership in schools.

Experts in the field of management education - masters and specialists in management education, for education authorities and international governmental and non-governmental organizations, designed the custom curriculum for the training of primary and secondary school principals in Bosnia and Herzegovina.

2.2. Transformation method of managing primary and secondary schools strengthening program in Tuzla Canton and in Bosnia and Herzegovina

In the literature, one can find a variety of training for managers at all levels of management to promote transformational leadership methods. Avolio and Bass (1991, Bass, 1996) have done Management trainee program, which consists of 8 basic and 5 advanced training modules. Students who ended up training under this program were becoming certified...
trainers transformational ways of leading. Based on a competence training model for principals of secondary schools in Bosnia and Herzegovina (Hasanovic, 2009: 262) it is possible to program a special segment of the improvement and development of transformational leadership methods (Figure 1).

**Figure 1**: Program for improvement and development of transformational ways of managing schools 0

Program for promotion and development of transformational ways of managing the school includes basic training modules, which could provide educate competent principals of primary and secondary schools, members of the management teams, and all the teachers (Table 1). Basis for programming improvement and development of transformational leadership would be a Competence model of training principals of primary and secondary school, management teams, teachers and others staff of secondary schools (Hasanovic, 2009: 258-262). Only based on the Plan of the training needs in every elementary and high school, through the development of optimal Competence model (based on the 6-3-5 method) of managing, we get a clear picture of the needs of schools (and other categories) for the promotion and development of transformation managing method in the school.
Table 1: Transformational managing method development program of the school: module contents

<table>
<thead>
<tr>
<th>NO. OF MODULES</th>
<th>MODULE CONTENT</th>
<th>IMPLEMENTATION METHODOLOGY</th>
</tr>
</thead>
<tbody>
<tr>
<td>Module 1</td>
<td>- Theory of modern concepts of management in education, development leading competencies of associates, training for the introduction of changes</td>
<td>- Educational teaching materials, team work in workshops, processing questionnaires for modern management concepts, realizing of the competency models based on 6.3.5 method</td>
</tr>
<tr>
<td>Module 2</td>
<td>Detailed knowledge of the Model of the total range (Full-range management model)</td>
<td>- Educational didactic materials: transformational, transactional, and the liberal leadership, - Teamwork in workshops on the distinction of the leadership styles</td>
</tr>
<tr>
<td>Module 3</td>
<td>Introducing of participants with the MLQ 6S questionnaire</td>
<td>- Detailed introduction and practical use of MLQ 6S questionnaire or alternative MLQ 5S questionnaire, - Teamwork in workshops on processing and presentation of research results</td>
</tr>
<tr>
<td>Module 4</td>
<td>Teamwork on the distinction of transformational and transactional managing school</td>
<td>- Work of school teams (management team or development team) on management diagnosing according to the model of total range, - Discussion of results on a participant’s conference panel</td>
</tr>
<tr>
<td>Module 5</td>
<td>The development of techniques to delegate in the function of individual development of competence leading associates</td>
<td>- Educative teaching materials and examples of good practice, - Work in workshops on the development of techniques to solve the problems of specific leadership practice</td>
</tr>
<tr>
<td>Module 6</td>
<td>- Teamwork on the presentation of distinction of transformational and transactional management in schools</td>
<td>- Presentation of teamwork at the schools regarding the distinction of transformational and transactional managing in schools, - Making important decisions and conclusions for creating transformational management development program (Conference)</td>
</tr>
<tr>
<td>Module 7</td>
<td>Making and defense of transformational management development project</td>
<td>- Presentation of school development projects of transformational ways of managing at the final conference, - Discussion of research results and short written evaluation of the training participants, - Distribution of certificates to successful participants</td>
</tr>
</tbody>
</table>


3. CONCLUSION

Program for promotion and development of transformational managing the school can be realized within the framework of the general program of professional training and pro-
fessional development for all school employees. Program promotion and development of transformational management in primary and secondary schools can be part of a special project of education of transformation leaders in education, which would be implemented under the responsibility of educational authorities (Schools for principals, introductory course in the management theory, etc.). The most important part of training is a reflection of the application of the good educational practice. Depending on the level of representation of transformational management methods (MLQ 6S questionnaire) in each particular school, the essential conditions for the adjustment of primary and secondary schools to changes in the environment create. The program for transformational development method of managing is only a tool in the hands of successful principals, management teams, and all employees in the process of strategic adjustment of primary and secondary schools to changes in the environment.

BIBLIOGRAPHY:

ETHICS IN MODERN ECONOMY

Kastratović Edita\textsuperscript{1}, Dragić Milan\textsuperscript{2}, Ćilerdžić Vesna\textsuperscript{3}
\textsuperscript{1}Faculty of Business Economics and Entrepreneurship, Belgrade, SERBIA, e-mail: kastratovice@yahoo.com
\textsuperscript{2}Faculty of Business Economics and Entrepreneurship, Belgrade, SERBIA, e-mail: milan.dragic79@gmail.com
\textsuperscript{3}Faculty of Business Economics and Entrepreneurship, Belgrade, SERBIA

Abstract: Ethics is defined in various ways. Its significance is emphasized in the conditions of severe competitive challenges. Modern managers have a difficult task to realize their activities in the ethically accepted framework, but not to become less competitive. There are different approaches to business ethics depending on the interpreter of the business ethics. Companies, which are leaders in their areas, have realized the significance of ethically responsible business. This paper presents ethics as a significant phenomenon of modern economy. We emphasize the need for education of managers in respect of ethical norms and social responsibility.

Keywords: ethics, economy, social responsibility

1. INTRODUCTION

Modern economy implies the readiness of organizations to respond to challenges and demands of local, regional and global market, at any moment. Competitiveness is the condition that is imposed by the market economy. In such circumstances, organizations face huge pressure from many sides: suppliers, consumers, government, media, banking sector, insurance sector etc. These circumstances can be and often are the trigger of ethically problematic decisions and actions. Modern managers have a difficult task, to realize their activities in the scope of ethically acceptable, but not to become less competitive. Organizations are, in economically logical sense, oriented towards generating profit and decreasing the expenses of business. Managers have to be flexible and ready to use any situation in which the organization is, in a way that is acceptable according to the interests and goals of that organization. After facing the current situation, they define next steps in order for the situation, which is obviously unfavorable, to be used in a positive sense and be turned into their favor. In such circumstances and under pressure of realizing the competitive advantage, managers usually make decisions which are not completely according to the ethical standards. While planning and defining the strategy and operational plans, managers need to put these plans through ethical code of modern business.
2. THEORETICAL FRAMEWORK

Ethics represents the significant factor of modern business environment. By developing the human rights, as well as workers’ rights, the need for education of managers in respect of significance of ethics in modern economy arises. Socially responsible companies set aside significant material means for education and implementation of ethics in practice. The monopolist phenomenon in modern economy significantly influences the appearance of ethical dilemmas in organizations whose survival, at the competitive market, depends on productivity and minimizing the expenses of business activities. It is often the case that the organizations, with the goal of decreasing the business expenses, opt for unpopular measures, whose effects have an unethical connotation.

Ethics is defined and classified in various ways. We usually divide ethics into individual and organizational.

Individual – Certain leaders consider that company should not bear the consequences of the mistakes of individuals. According to their opinion ethics has nothing to do with leadership.

Organizational – Ethics has to be present in leadership. Ethical orientation of a leader represents the key factor in the process of promoting the ethically correct way of behavior among the employees.

Ethical dilemmas usually come up in the strategic foundation. Typical situations for such cases are the ones in which the interests of an organization and the attitude of an individual are not in accordance based on the ethical principles.

In order for an organization to be successful and acknowledged at regional and global level, there has to be certain elements in domain of ethics present:

Role models – Leaders represent the role models in their organizations. They have to be consistent in their actions and justify the given promises.

Corporate credo and codes of conduct – provide the guidelines for norms and beliefs, as well as guidelines during decision-making. Enable the employees to reject the ethically incorrect actions.

Reward and evaluation system - Inappropriate rewarding may provoke employees to behave unethically, which would not be the case in conditions of better defined reward system. The example of inadequate reward system and its influence on unethical behavior of employees can be seen in Sears, Roebuck & Co. company. In 1992 Sears received huge amount of complaints for car servicing, because of selling the unnecessary parts and services as a part of servicing. The cause of unethical conduct of employees was present because of management's decision to introduce the stimulations and quotas for mechanics, in order to increase income and market share. Mechanics, with the goal of fulfilling the quotas, offered the unnecessary services and parts as a part of standard service, which resulted in unsatisfied clients and many complaints. Overall expense of litigations was 60 million dollars and the enormous damage of reputation of the company.

Policy and procedures – It is essential to develop policies and procedures which will define a certain conduct system, in order for all employees to be encouraged to act ethically.

---

There are different approaches to business ethics depending on the interpreter of business ethics. We can divide ethics on:

Normative approach – refers to the clear definition of rules of correct conduct

Descriptive approach – analyzing the moral principles and how much they are obvious in the practice.

In modern economy we can see unethical behavior of certain managers that apply the business policy of an organization they are a part of. Depending on the circumstances in which they do business, the causes of unethical behavior can be very different:

- Overly ambitious or obsessive want for personal gain, wealth or some other selfish interests.
- Pressure on the managers in respect of attaining high goals, and even attaining more.
- Organizational culture that forces profitability and business results and not the ethical behavior.

Ethical dilemmas are present in all areas of economic activities. Everybody is faced with ethical problems, starting with managers, operational managers in the production process, engineers and employees. Besides these subjects within the organizations and ethical dilemmas of internal character, the subjects from the environment also face the ethical challenges: associates, service agencies, buyers, suppliers, agents, media etc. Every subject has a significant influence on people that he directly cooperates with, and on the other participants in business activities indirectly. Besides influencing one another, the activities of the mentioned subjects can have an influence on the environment as well and social community in which they conduct their business activities and are a part of.

Companies which are world leaders in their areas have realized the significance of ethically responsible business. They see the corporate success through three equally important segments: profit, loss and social impact/influence on the environment. The next table shows the companies with the highest grades in respect of socially responsible business activities.

### Table 1: companies with the highest grades in respect of social responsibility

<table>
<thead>
<tr>
<th>Name of the company</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Johnson &amp; Johnson</td>
</tr>
<tr>
<td>2. Coca-cola</td>
</tr>
<tr>
<td>3. Wal-Mart</td>
</tr>
<tr>
<td>4. Anheuser-Busch</td>
</tr>
<tr>
<td>5. Hewlett/Packard</td>
</tr>
<tr>
<td>6. Walt Disney</td>
</tr>
<tr>
<td>7. Microsoft</td>
</tr>
<tr>
<td>8. IBM</td>
</tr>
<tr>
<td>9. McDonald's</td>
</tr>
<tr>
<td>10. 3M</td>
</tr>
<tr>
<td>11. UPS</td>
</tr>
<tr>
<td>12. FedEx</td>
</tr>
<tr>
<td>13. Target</td>
</tr>
<tr>
<td>14. The Home Depot</td>
</tr>
<tr>
<td>15. General Electric1</td>
</tr>
</tbody>
</table>

---

Considering the profit they make and means that they have at their disposal, these companies have advantage when speaking of the possibility of setting aside enough means for socially responsible business activities. Organizations that do not realize significant profit, direct their energy towards solvent business activities and development, and in economically inferior countries even towards survival at the market. Organizations from the countries in transition have additional burdening circumstances and obstacles in respect of implementation of ethical norms of business. One of the limiting factors is lack of education of employees in respect of ethics and social responsibility. The awareness of Serbian population of socially responsible business because of the environment and the organization is very low. It significantly slows the procedure of introducing and encouraging social responsibility.

3. CONCLUSION

Business ethics represents a very tangible category of the modern economy. Its significance comes into light in the conditions of severe competition. To what extent the organizations will accept the ethical norms, depends primarily on the education of top managers who create the business policy of an organization. Managers of organizations that represent the world leaders, put ethical codes into strategy itself. By their relation with employees, associates, clients, buyers, environment and the society in general, they establish the desirable forms of behavior for the smaller organizations that are searching for their place in the market. Organizations that do business in transitional environment, under economic and existential problems and with scarce resources, face even greater challenge of change of ethical codes in doing business. The state has an important role in respect of the laws that it makes that refer to business activities of organizations labor law etc. There are significant differences in law regulations, which are often used by the big and successful companies to reduce the expenses of production. They mask the unethical principles in respect of law minimum with insisting on socially responsible behavior at other markets and in other regions.

BIBLIOGRAPHY:


---

THE FIGHT AGAINST CORRUPTION - CROWDSOURCING

Krmpot Vera
Faculty for Education of the Executives, Novi Sad, SERBIA,
e-mail: vera.krmpot@pozorje.org.rs

Abstract: Corruption as the abuse of public authority in order to achieve personal benefit is deeply rooted, takes various forms in order to cover and survive, adapt quickly and easily to all efforts to eradicate it. Therefore, the fight against corruption must likewise be persistent and stubborn, but also innovative, flexible and technologically current. Together we are a huge and powerful force - the basis of crowdsourcing that maximize the benefits offered by the Internet as a new technology. This paper summarize good and bad sides of this kind of association in trying to reduce corruption to the lowest level, as a parasite that is undermining the foundations of any society, developed and systems in developing countries.

Keywords: corruption, crowdsourcing

1. CROWDSOURCING - A NEW FORM OF ANTI-CORRUPTION

Crowdsourcing as a way of fighting corruption has significant advantages and introduces new technologies and new opportunities, which represents a permanent, continuous activity and effort.
Together we are a huge and powerful force - it is the basis crowdsourcing.
Relying on the contribution of each of us, crowdsourcing could actually become a fundamental aspect of the fight against corruption because it has significant advantages: request us all to be engaged - thus, with our engagement or lack of engagement we all carry the responsibility for the level of success of this collaborative effort.
Crowdsourcing term was created by merging two English words: crowd meaning group, pile and sourcing which means to draw from the source.
The reporter Jeff Howe first used the term crowdsourcing in 2006. Crowdsourcing means the use of information collected from the public and usage of this information to perform a specific business tasks. The company itself performs these tasks or by a third party that provides execution services, but through crowdsourcing, the public helps in performing the task. Companies often resort to crowdsourcing because it expands the source from which you draw information and very often is completely free. Crowdsourcing also allows companies to gain an insight into who their customers are and what they really want.
A term that is slightly older may help us understand the etymological basis of the term crowdsourcing but other term is more common in our country - outsourcing. Outsourc-
ing is contrary to the term analyzed here because it actually means giving sources to others, or the relocation of jobs from other sources.

In outsourcing, company (organization) chooses to whom will forward the tasks (activities), while in crowdsourcing everything is going the opposite direction: group realized as a collection of a large number of people are choosing to whom will forward the information.

In any case, it is obvious that we are talking about usage of new, broad and so far insufficiently used sources either as drawing from these sources (crowdsourcing), either as giving to these sources (outsourcing).

By exactly the same lexical definition, neither the crowdsourcing term should be translated into Serbian language. Although whenever is possible we should use our word and not foreign word, here it is obvious that we (just like any other languages) still do not have the right word for this term - this phenomenon appeared before less than a decade, so there was no word for it. As with already mentioned outsourcing, as a confirmation that the usage of foreign word is right thing to do, I want to specify the terms ‘marketing’ and ‘management’ also used in our language and no one will tell you these are English words based on exactly the same lexical principle as the crowdsourcing.

As a second argument that we should not translate the term crowdsourcing is the fact that using internationally accepted term it would be always easier to recognize this type of activity than if we try to translate it in a descriptive way.

Crowdsourcing uses new technologies - the Internet above all - and this new technologies have their own important advantages: they are cheap, fast, accessible to a large number of people, and even allow anonymity, where necessary, allow to find out the experiences, views, opinions and suggestions of people to which we cannot communicate in traditional ways in the fight against corruption (e.g. ‘whistleblowers’).

The big advantage of crowdsourcing is the fact it does not presuppose institutional, hierarchical organization, can be easily started, it is very adaptive and relatively small number of people can be coordinate the activities of a large number of those who contribute.

Crowdsourcing uses the same ‘the wisdom of the group’ theory that emerged in the early twentieth century in order to organize the collection of information. The whole process in this way expands the broad strata of society, often disengaged by then for given form of gathering information and organizing activities.

Although the practice of crowdsourcing - gathering information from the group, a large number of people - is older than the Internet, the term itself is recent. The fact that one phenomenon didn’t have name until it gained its place on the Internet is talking that the Internet as a new technology is the best, fully adequate and optimal tool for this kind of gathering information of any kind and organization of activities based on the collected data.

When we look at things to their essence, we recognize that crowdsourcing actually is a form of an open call to the public, appeal to as many people gets involved and that their participation contributes to organized effort that has clearly defined goals and objectives.

Because it is calling the broadest strata of society – it calls everyone to engage, not to remain passive, to contribute - in the right hands crowdsourcing is a very powerful tool and a way for the activity of any kind.

Counting on all of us, including all of us, encouraging us to realize that no matter how small our individual effort is, it multiplies exponentially when it becomes part of a broad movement in which we all participate - as a means to combat corruption, crowdsourcing not only represents the future of this struggle.
Crowdsourcing - a term that I would characterize as the common fight against corruption - must become our present.

1.1. From shareholders to stakeholders

Any activity carried out by an organization or group of people affects the other people associated with them in any way: geographically, historically, in terms of preserving the environment, in terms of sustainable community development, regarding the interests. Therefore, in recent years, especially in the study of corporate social responsibility (CSR)\(^1\) the term stakeholder instead of the original shareholder has developed.

When it comes to business and economic relations, the shareholders are emerging as the primary stakeholders so the whole group consists of a shareholders, buyers (customers), suppliers, employees, creditors, and partners. Furthermore, secondary stakeholders are those who, although not directly involved in the economic and business impact suffered by the organization’s activities. It’s overall public opinion, community and every individual in it, all kinds of civic organizations and initiatives, the media - in a word all of us.

The business understood in this way and all other human activities make us conclude that we all - as stakeholders - must behave in the finest possible manner in all activities, to protect the community and the environment and to perceive ourselves as active participants and not passive observers who always shift the responsibility to someone else.

When it comes to corruption, it is important to emphasize that it prevents sustainable economic development and undermines the very foundation of all forms of social organization. The sole change of consciousness and perception of us as active participants rather than passive observers can help fight corruption. If we are all in some way stakeholders - and we are - then we have to accept that any form of rights entails responsibilities that we cannot always ask from the others, but primarily from ourselves.

How much people are actually aware of this shows the fact that any initiated action using a crowdsourcing method records an incredible number of received information. Crowdsourcing, as its name suggests, draws information from many (of the group) and uses them for the interests of all.

2. CROWDSOURCING, TRANSPARENCY AND GLOBAL EXPERIENCE

Corruption is by definition completely opposite of transparency and it is very difficult to follow, that's why it is so difficult - if not infeasible at all – to provide quantitative indicators of the degree of corruption at the international level.

At the end of the nineties, Transparency International\(^2\) non-governmental organization was established with its headquarters in Berlin. TI systematically deals with the monitoring of corruptive practices in the world, and the basic logic is based on two postulates: 1) Tens of thousands of people are daily faced with corruption and do not know what to do, 2) it is simple and easy to quickly send and accept information over the Internet.

From this set of experiences, a large number of people and their perceptions of corruption, TI established a Corruption Perception Index (CPI), which is increasingly becoming the basis for quantitative investigations of corruption.

---

\(^1\) Corporate Social Responsibility - CSR

\(^2\) Transparency International - TI
Every year since its founding TI published a report on the results achieved by the government. In these reports, ‘0’ rating got governments perceived as the most corrupted and ‘100’ those where corruption is least represented, and all of these reports are available on their site (Figure 1).

“Looking at CPIIndex2012, it becomes clear that corruption is a serious threat to humanity. Corruption destroys the lives of people and communities and undermines the state and institutions. Corruption creates anger of public opinion, which threatens to destabilize society and intensify violent conflicts.”

The state must increase transparency and access to public expenditure and its institutions while institutions must become more responsible to the whole society.

Recognizing the importance of transparency in the fight against corruption, China for example has introduced a ‘zero tolerance policy’ towards corruption and, according to the findings of Transparency International has made significant step forward in the last decade (Table 1).

Survey conducted by the National Bureau of Statistics of China shows that in the period 2003-2010, satisfaction of citizens fighting corruption and creating non-corruptive government were continuously growing; the percentage of satisfaction among citizens went from the initial 51.9% to 70.6% at the end of the period. Moreover, the percentage of those who believed that corruption is actually on the decline increased from 68.1% to 83.8%.

“We must have the courage to fight against all forms of corruption, to punish any corrupt public officials and to continuously eliminate soil where corruption appears, because we gained the trust of the people with visible achieved results.”

---


Table 1: TI Corruption Perceptions Index – years and results

<table>
<thead>
<tr>
<th>CHINA</th>
<th>TI INDEX</th>
<th>PERCEPTIONS</th>
<th>CORRUPTION (CPI)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Year</td>
<td>Result</td>
<td>Year</td>
<td>Result</td>
</tr>
<tr>
<td>1995</td>
<td>2.16</td>
<td>2004</td>
<td>3.40</td>
</tr>
<tr>
<td>1996</td>
<td>2.43</td>
<td>2005</td>
<td>3.20</td>
</tr>
<tr>
<td>1997</td>
<td>2.88</td>
<td>2006</td>
<td>3.30</td>
</tr>
<tr>
<td>1998</td>
<td>3.50</td>
<td>2007</td>
<td>3.50</td>
</tr>
<tr>
<td>1999</td>
<td>3.40</td>
<td>2008</td>
<td>3.60</td>
</tr>
<tr>
<td>2000</td>
<td>3.10</td>
<td>2009</td>
<td>3.60</td>
</tr>
<tr>
<td>2001</td>
<td>3.50</td>
<td>2010</td>
<td>3.50</td>
</tr>
<tr>
<td>2002</td>
<td>3.50</td>
<td>2011</td>
<td>3.60</td>
</tr>
<tr>
<td>2003</td>
<td>3.40</td>
<td>2012</td>
<td>39.00</td>
</tr>
</tbody>
</table>

3. CROWDSOURCING OPPORTUNITIES IN SERBIA

Let’s face opportunities like this, a new form of fighting at the moment in Serbia, which is by no means immune to corruption as a seriously rooted problem. Pretending to become a member of the European Union, one of the major tasks ahead for Serbia is fight against corruption, a systematic struggle at all levels of society, in all sectors, especially in the justice and health sector. Moreover, while it does not address a certain number of contentious privatization listed by name (corruptively performed), Serbia cannot even begin negotiations. In Serbia, in the middle of 2009, the Anti-Corruption Agency began its work, and in the beginning of the 2010, was ready to implement the Law on Agency to fight against corruption. On several occasions, the Agency has organized dozens of working meetings in all parts of Serbia, where public sector officials, civil servants, representatives of local government, territorial autonomy, civil society and media from most municipalities participated. “Law on Anti-Corruption Agency for the first time stipulated penalties for violations of the law, and for the failure and providing false information about the assets prescribed imprisonment and prohibition of performing a public function for a period of ten years, if the official is sentenced to imprisonment."6

The government, at least declaratively, declared the fight against corruption and established the Agency for it. One aspect of crowdsourcing applied the Anti-Corruption Agency. It is the creation of integrity plans that by the end of last year all civil authorities were required to draw up, and that the completed integrity plan is submitted to the Agency. This is done in cooperation with the EU and the Council of Europe as a joint project entitled “Strengthening of the police and judiciary capacity to fight corruption in Serbia."7

What’s the similarity with crowdsourcing: - Agency set the integrity plans and distributed them as a portal allowing quick and easy access and withdrawal; - The agency has asked of all government and public institutions to develop an integrity plan and that it within the time limit return it the same way – submitting on the portal.

---

6 Osnivanje i status Agencije za borbu protiv korupcije, http://acas.rs/sr_cir/o-agenciji/osnivanje-i-status.html
7 www.coe.int/pacs
Differences in relation to the ‘classic’ crowdsourcing, differences are as follows: - The agency did not seek information from all groups or individuals but only from state institutions; - the Agency has not sought nor accepted the information in free form but in the prescribed form, in the predetermined manner; - as the name suggests, integrity plans were not providing data on corrupt practices but about existing ways of doing business that may allow corruption or the cases in which the corruption is not prevented, on ways and means of raising awareness and integrity of all stakeholders; - All these actions through the Agency were initiated and funded by the government. 
Well designed, due to the above work on raising awareness and integrity and consideration of ways of doing business that allow corruption - actually based on self assessment, project of integrity plan development is not recorded significant result in the public nor it was presented to the public which measures are to be taken.
Serbia recognized that itself, its mechanisms and bodies are main source and engine of corruption. Therefore, the establishment and operation of the Agency deserve all the praise because it shows that the state is aware of the problem. Whether the agency itself is sufficient in the way it was conceived - is another question.
It is also commendable that the agency decide to use new technologies in the fight against corruption. Their site is clear, usable, and up to date.
With all the resources at its disposal - human, technical, financial - the Agency would be able to opt for the real crowdsourcing – to opt for collecting information directly from the public, information on all aspects and forms of corruption faced by people every day. There are several reasons why the agency would be an appropriate address for such a project: - The agency would be able to immediately begin work on crowdsourcing because it already functions as an institution and has all the necessary conditions and resources for it; - The agency already has experience in this business; - Agency as a public entity has direct access to the state authorities who should be obliged to take measures by reports that the Agency would deliver to each ministry.
Such a project would be possible to start relatively quickly and painlessly. Anti-corruption agency has both people and resources to handle information that would certainly arrive from civil society. The government would thus show it is indeed a serious partner - a serious stakeholder - and that is not willing to stay in a declarative attitude towards the fight against corruption.
In addition to the new legal obligation that provides that all public tenders must be published to the portal of the institution that opens them (transparency), hiring Agency to fight corruption as the engine that drives crowdsourcing as a way to fight corruption would make a great thing for many citizens to regain faith in their country and institutions. If the government does not take this road, it will miss a great opportunity to show as a true partner (stakeholder) of the citizens of this country. Then the empty space will definitely fill some of our Alexei Navalny who started the crowdsourcing campaign in Russia because crowdsourcing advantages are so obvious that even in Serbia will not be long ignored.

4. RESUME

A business without moral criteria and economy without business ethics cannot provide permanent, stable and significant results. The question of whether business ethics is a matter of personal conscience of directors i.e. managers, a matter of personal conscience
of each and every employee involved in any way in the process of doing business. Ethical behavior and moral responsibility in the use of both, old and new technologies is an important issue that requires some serious work.

Corruption is when we deliberately violate the principle of fairness in order to ensure an advantage of any kind for himself or another. A formula of corruption is well known, it is the sum of the monopoly and silence, when the responsibility is taken away.

Corruption is widespread and rooted, and not just that it seems it cannot be completely eradicated, the big question is how to reduce it generally and then to be reduced to minimum.

One way is definitely the fight against corruption using new, innovative ways and new technologies. Together we are a huge and powerful force - it is the basis of crowdsourcing as a new vision of fighting corruption.

Since it requires the contribution of each of us, crowdsourcing has three serious advantages - requires that all contribute to the fight against corruption, thus expanding the base and information gathering and liability base for any act or omission; - crowdsourcing uses new technologies that are fast, inexpensive and readily available; - crowdsourcing not have to wait for an institutional government action - the previous two advantages allow anyone who has the good will to do something and takes action.

In this way, crowdsourcing is fully in line with modern business principles and corporate social responsibility where it says that business organizations are not only responsible to the suppliers and subcontractors, but the wider community and all those who suffer the impact of their business - all stakeholders.

Becoming stakeholders, people are on the way to re-become something other than mere homo ekonomikus as has been the practice. However, understood as a spiritual being with a certain material needs and not as a means to exploit the other man to become rich, one must accept its responsibility for the environment, as a stakeholder, as one who has a certain share, rights and the responsibilities.

One of the primary responsibilities is the ethical struggle and the principle of impartiality that provides equal opportunities for all. Corruption, as the mortal enemy of ethics and fairness, threatens to endanger human society as a whole because it erodes the foundations for sustainable growth.

That is why everyone is obliged to participate in the fight against corruption - perhaps, until we come up with something better, crowdsourcing is the right solution - as in this way we fight as a group, following the One for all, all for one principle.

BIBLIOGRAPHY:

THE ISSUE OF STRESS-RESISTANCE DEVELOPMENT AS A CONDITION OF FUTURE PROJECT MANAGERS EFFECTIVE ACTIVITY

Kutas Maryna
KROK University Higher Educational Institution, Kyiv, UKRAINE, e-mail: mareint@gmail.com

Abstract: Under modern conditions stress-factors exert regular influence upon a human being. In this regard it is necessary to say that the very influence of these factors is unavoidable in our life. Thus the diversity of such factors according to their origin, duration, intensity, reactions peculiarity causes a real problem in course of professional development. People constantly striving to progress complicate this diversity and in such a way the study of stress-resistance as a human quality to resist a negative influence of factors and pathological states development is becoming more and more significant.

Key words: project manager, professionally important capacities, stress-resistance, training.

1. INTRODUCTION

Project managers often find themselves in difficult stressful situations what gives rise to professional burnout, emotional exhaustion and mental stress which interfere with professional duties effective implementation. Therefore we consider stress-resistance as a professionally important capacity of a project management specialist.

The issue of stress and stress resistance for the representatives of different professions has been studied by C. Bernard, H. Selye, R. Lazarus, O. Kononenko, K. Vereschahina-Yatsenko, M. Kaplia, O. Markovets etc. We consider the issue of stress-resistance development as one of important and necessary peculiarities of project manager professional and psychological aptitude as a basis of this sphere specialist personhood achievement.

In its direct meaning stress-resistance is regarded as an individual capacity of an organism to keep its normal working efficiency (K. Sudakov); as an important level of adaptation to environment and professional activity extreme factors (V. Bodrov); as a capacity to social adaptation, important interpersonal relations maintenance, successful personal potential fulfillment provision, life goals achievement, working efficiency and health preservation (H. Nikiforov); as a condition of physical, emotional and mental exhaustion caused by an array of emotional tensions and significant situations (V. Abakov, M. Perez).

Personality stress-resistance keeping or development involves the search of resources favoring stress situations negative consequences overcoming. The resources relate to internal and external variables which contribute to resistance maintenance in stressful situations. The peculiar category of stress-resistance resources includes overcoming behavior

2. STRESS CONCEPT RELATED TO MANAGERIAL ACTIVITY AND STRESS-RESISTANCE METHODS

The stress concept was introduced into science approximately 70 years ago by the Canadian scientist H. Selye, one of the most prominent physiologists of the 20th century. He mentioned that the very concept of stress bore different meaning for different people; therefore it was quite difficult to find its specific and unambiguous definition. The stress theory of H. Selye is the most popular [1]. According to this theory the mechanism of stress appearance consists in the fact that all biological organisms possess vitally important inborn mechanism of inner equilibrium and balance support. Strong external irritants can shatter this balance and an organism shows a protective and adjustable reaction. This nonspecific for an organism balance violation is considered to be a stress condition. If the irritant doesn't disappear the stress becomes stronger, develops causing an array of peculiar changes and an organism tries to protect itself, prevent stress or suppress it. But the possibilities of every separate organism are not immeasurable and under strong and often stressful influence they become exhausted or sometimes even ill.

H. Selye proved that there were three stages in course of stressful reaction development:
– an anxiety stage, which finds expression in all body resources mobilization;
– a resistance stage on which an organism successfully copes with external factors at the expense of previous mobilization. The highest level of stress-resistance, mental and muscular activity intensification, a will and desire to overcome unusual circumstances or extraordinary situation are typical for this stage. If the stressor effect ceases at this stage or its intensity diminishes, the aroused changes gradually return to normal;
– an exhaustion stage on which durable exhaustion develops if the stressor effect doesn't cease and continues to exert strong and durable influence. The adjustable opportunities of an organism diminish, it offers worse resistance to new harmful factors and as a result the danger of a disease appears.

Over the last years physiological and psychoemotional stresses have been conventionally distinguished [2]. The physiological stress is attributed to a real irritant. Besides microclimate, radiation, noise, vibration, natural disasters may be regarded as stressors. Psychoemotional stress arises from the individual's personal stand. An individual responds to the surrounding factors relying upon external stimuli personal interpretation which depends upon mental qualities, social status, role behavior, age, breeding, life experience. Psychoemotional stress divides into informational stress, which develops as a result of informational overexertion (a person doesn't perform tasks, doesn't have time to take correct decisions in necessary order under high level of responsibility), and emotional stress, which arises under threat, danger, offence, when a person during a long time remains alone with personal feelings.

Among the common characteristics of stress one can distinguish enhanced anxiety, irritation, difficulties with attention concentration, chronic tension combined with inability to relax, difficulties with decisions-taking, decrease of the level of the work being performed
and its performance delay. In addition stress has physiological symptoms such as headache, appetite and sleep violation, and in the worst case scenario psychosomatic deviations. Durable stress aggravates immune system functions and possibilities. It is extremely hard to perform purposeful activity, switch and distribute attention under stressful situations and the threat of activity general suppression or total disorganization emerges. Besides, skills and habits remain without changes [2].

Stress-resistance is identified with emotional stability and ability to control emotions (Ye. Milerian); ability to endure large loadings and successfully solve different problems in extreme situations (N. Danylova); ability to cope with emotional excitement state in course of complicated operation execution (V. Maryschuk); temperament characteristic allowing to fulfill purpose-oriented tasks at the expense of optimal exploitation of neuropsychic emotional energy reserves (V. Plakhtienko, N. Bludov), positive emotions steadfast prevalence (A. Olshannykova); integrated personal quality which is characterized by the interaction of emotional, volitional, intellectual and motivational components of a human's mental activity which provides activity target optimal successful achievement in a complicated emotive atmosphere (P. Zilberman).

Stress-resistance is developed on the basis of multiple contact of a person with stress-producing factors. This contact manifests itself in a complicated process including stressful situation assessment, activity regulation under stressful conditions, coping with the stress. Today there are a lot of methods aimed at stress-resistance level enhancement. All these methods can be divided into two groups: differential and integrated [3]. The group of differential methods is used in those cases when a person's activity is connected with distinctly expressed physiological or psychoemotional stresses. For such workers stress-resistance enhancement psychological relaxation and physical exercises complexes are applied. Modern kinds of a human activity are influenced by stress-factors which don't have distinctly expressed mechanism of physiological and psychoemotional operation, therefore stress-resistance enhancement integral methods including reflexotherapy and reflex preventive treatment are more wide-spread. These methods presuppose the influence upon human's skin biologically active markings. Furthermore skin is considered as integral informational system. Its parameters undergo dynamic changes under the influence of different stress-factors what is predetermined by the skin close functional connection with all subsystems of a human body. These methods include acupuncture, palpation, warming-up, cauterization, cryotherapy, electropuncture, magnetotherapy, laser therapy. Such methods as relaxation, breath autoregulation, recreation, autogenous training contribute to the stress-resistance level enhancement, positive psychological state preservation and health promotion.

Managers with high emotional stability demonstrate constancy of their interests, assess situation objectively and are able to control the surrounding processes. Low level of emotional stability testifies to possible emotional state balance change under nonstandard conditions, different disorders etc. High personal anxiety is accompanied by neurotic conflict, emotional breakdown and psychological diseases. Low personal anxiety of a manager testifies to the manifestation of self-confidence, carelessness and sometimes redundant audacity which verges upon unreasonableness. Under high reactive anxiety manager's attention and coordination get violated, professional activity is accompanied by subjective emotions, tension, disturbance, nervousness. Low reactive anxiety manifests itself in a striving to show oneself in fine fashion, that's why such category of managers requires mental activity stimulation [2].
Managerial activity provides for the availability of quite manifold spectrum of professional skills and practices what in course of aspiration of their implementation results in a sharp growth of psychological loadings. In answer to their action the body tries to achieve stability at the expense of additional resources involvement. Such method of inner balance achievement generates stress. That is the reason why stress-resistance is considered to be the main psychophysiological professionally important capacity of a manager [4].

Having integrated scientific approaches to stress-resistance determinants, V. Korolchuk draws a conclusion on external and internal psychological factors of a personality stress-resistance. The external factors include stressful situation assessment which embraces objective (external) and subjective (internal) stressful situation parameters; stress-coping strategies (coping-behavior); the influence of traumatic events upon personality and traumatic experience processing level; social support; professional and personal experience; psychological preparation to the activity under extreme conditions. Being a personality integrated characteristic stress-resistance provides for the interaction with all structural characteristics of a psyche both during stress-factors influence and after it. Determinant internal factors of personality stress-resistance formation and development are as follows: personality self-conception, internal locus of control, cognitive development, communicative sphere maturity, personality stress-resistance structural components informative characteristics. Besides, stress-resistance high level provides for emotional balance, self-assuredness, absence of shyness, low level of personal anxiety, volitional self-control, self-possession; certain characteristics of motivational sphere (labor social importance, mastery, achievement motivation), high level of internal locus of control, aptitude for activity. Initial stress-resistance determinant characteristics are as follows: information processing rate, neural processes lability, reliability, fortitude, activity accuracy and productivity. Assertive actions, personality activity in interaction, prosocial behavior, search of social support and social contacts are the leading stress-coping strategies which determine stress-resistance [5]. So personality stress-resistance has a multilevel determination and is predetermined both by environmental and personality characteristics.

3. RESEARCH RESULTS

Cattell’s Sixteen Personality Factor Questionnaire has been applied to define the level of stress-resistance among 186 project managers and 54 students majoring in Project Management [6]. As only separate factors refer to the stress-resistance level of respondents we have accomplished selective analysis by separate factors. Thus C, H, I, O, Q3, Q4 factors testify to the availability of stressful situations effective overcoming skills and practices. According to C factor (emotional instability – emotional stability) high received scores testify to the ability to cope with stressful situations in a short period of time. In project managers group C factor index tends to a stability pole (7,39 ± 1,60) and denotes emotional stability, discretion, emotional maturity, inherent tranquility, adequate way of feelings expression, real vision of situation and even-minded attitude to own unsolved emotional problems. Managers with a high score by this factor more frequently become leaders in their team though the range of indices is quite broad: low scores can be explained by the reaction of tiredness or excessive disquietude under stress. In students’ group this index is lower (4,80 ± 1,75), what may testify to the emotional instability, impulsivity, low tolerance as regards frustration, annoyance, fatigability. Qualitative distribution analysis has
shown that 95% of questioned project managers and 57% of students may be regarded as emotionally mature personalities.

H factor average index (timidity – boldness) takes boldness position in both groups and is approximately identical (6,53 ± 1,36 □ 6,74 ± 1,57 in a group of project managers and students respectively). The respondents have an inclination for risk and cooperation with strange people and in unacquainted situations, tend to take independent, unconventional decisions, have a turn for adventurism and leadership qualities manifestation. H factor is distinctly defined; it characterizes the level of activity in social contacts, though it is necessary to consider its genetic origin and property to reflect temperament peculiarities. People with high scores by this factor are persistent, sociable, able to sustain emotional loadings, what helps them become leaders and find solutions in stressful situations. Qualitative distribution analysis has shown that 98% of project managers and 94% of future project management specialists are able to take independent decisions.

I factor average indices (rigidity – sensitivity) relate to the rigidity pole in project managers group (3,65 ± 1,00) and testify to respondents self-confidence, reasonableness, flexibility, practicality, rationality, logicality. So far as the respondents have received the scores of higher negative pole we consider that their hardness mainly reveals itself in practical and realistic approach toward the solution of delivered tasks and in the capability to cope with stressful situations. In students’ group this index proved to be higher (5,35 ± 1,77) and testifies to impressionability, emotional feelings variety, inclination for romanticism, empathy. Qualitative distribution analysis shows that anxiety is typical for 20% of project managers and 74% of students.

By O factor (tranquility – anxiety) project managers can be totally described as self-reliant, cool-headed and even-tempered. Low scores by this factor in project managers group (4,64 ± 0,94) describe people who cope with their defeats with ease in contrast to those people who take any defeat as an inner conflict. O factor average index in students’ group is considerably higher (6,43 ± 1,55) and testifies to instability, enhanced tension in complicated life situations, extreme shyness and difficulties with other people contacts establishment. Nevertheless it is necessary to take into account that high scores by this factor can have situational origin. Anxiety is typical for 20% of project managers and 76% of students.

Q3 factor average indices (low self-control – high self-control) are high in both groups (7,64 ± 1,34 > 5,83 ± 1,92 in groups of project managers and students respectively) though in project managers group this index is considerably higher. The respondents are single-minded, have strong will, can control their emotions and behavior, what requires certain efforts application, clear principles availability, social thought consideration. Personalities with high scores possess socially approved characteristics such as self-control and persistence. This factor measures the level of inner control of behavior, personality integratedness. Such people are prone to organizational activity and achieve success in those spheres where objectivity, resoluteness and tranquility are required. Besides this factor is connected with the level of activity in course of group problems solution. Qualitative distribution analysis testifies to the fact that 99% of project managers have high self-control while the percent of students able to control their emotions and behavior makes 83%.

Significant statistical discrepancies have been established in examined groups by Q4 factor (limpness – tension) (5,91 ± 1,08 > 3,59 ± 2,06 in project managers and students’ group respectively). It’s worth saying that for successful activity it is quite important to receive
not high or low scores but the golden mean from 5 to 8 points, so long as researches have shown that individuals who have received 5-8 points possess optimal emotional tone and stress-resistance. Thus the average estimation results of project managers range from 6 to 7 points. As regards students their average score by this factor is too much close to the limpness pole and describes the respondents as people having low level of achievement motivation who frequently content themselves with what they have already received. Qualitative distribution analysis testifies to the fact that 90% of project managers and only 30% of students have optimal emotional tone and are stress-resistant.

4. SOCIAL AND PSYCHOLOGICAL TRAINING AS A METHOD OF SPECIALISTS STRESS-RESISTANCE ENHANCEMENT

Project managers professional activity differs by a high level of emotional loading, requires constant display of moral and social responsibility qualities and altruistic behavior as regards subordinates. Regular stresses related to time and resources restrictions can contribute to negative personal changes, dissatisfaction with oneself and one's work, fatigability emergence. For all that indifference, formalism and aggression as regards colleagues develop what is considered as manifestation of psychological protection mechanisms and means of psyche unsuccessful adaptation to durable stressful condition at the initial stage. Labor psychology considers professional destructions as activity and personality formed structure changes which exert negative influence upon labor productivity and interaction with other participants of this process [3]. Project manager personality qualities negative changes (as concerns perception stereotypes, system of values, character, communication means and behavioral patterns), which are regarded as personality professional deformations, more frequently emerge under the influence of professional activity durable fulfillment [7].

Today there are a lot of different technologies as regards stress prevention and overcoming. They include the arrangement of proper working conditions which contribute to stressors level reduction, mastering of stress management means like social, psychological and organizational working environment change; bridge erection between home and work; skills improvement; favorable social and psychological climate creation. Apart from the mentioned technologies in our opinion special attention should be paid to the organization of special trainings to teach participants how to apply relaxation and stressful situations overcoming methods.

We consider social and psychological training to be quite effective method of project manager professionally caused psychological problems overcoming. Russian researcher S. Ryzhenko distinguishes the following advantages of training applied with the purpose to prevent emotional burnout and professional destructions [8]:

- high level of personnel involvement in contrast to individual forms of interaction;
- favorable moral and psychological climate development and support;
- positive influence of a group upon a personality, change of personal opinions, self-assessment and other participants estimation in course of discussions and group dynamics;
- possibility to apply a wide range of practical psychology different directions group methods: role-divided therapy, art-therapy, fairy-tale therapy, body-oriented therapy.

There are diagnostic and intervention stages of social and psychological training. In course of a diagnostic stage the following tasks are to be accomplished:
training participants self-knowledge – their personal qualities perception, communication processes and behavior introspection;
other training participants feedback acquisition;
every participant personality peculiarities external diagnostics procedure offered by psychologist-trainer.
In course of social and psychological training intervention stage every participant disadvantages undergo correction and psychological competency improvement methods are outlined [9].
Trainings aimed at stress-management refer to stress-management sphere. N. Vodopianova and O. Starchenkova determine stress-management as a chapter of management focused on organization stress management theory and practice (organizational stress); professional stress prevention and personnel stress-resistance enhancement [10]. We consider that stress-resistance level enhancement training should be aimed at negative emotions overcoming, mood and motivation correction, professional burnout, anxiety, stressful situations prevention and social and psychological successful adaptation. For this aim implementation it is necessary to analyze and change ineffective strategies of behavior in tense professional or personal significant situations.
We offer the algorithm of effective work with social and psychological stress-resistance level enhancement training participants for future project managers which includes two stages:
on the first stage the environment of open communication and observation shall be created which will help all participants gather required information necessary for the development of stress-resistance certain instructions and dominants accountable for calmness, comfort, confidence in course of professional obligations fulfillment, interest in a selected sphere of activity, high volitional regulation;
on the second stage stressful situations positive visualization shall be put into practice, self-cultivation work recommendations shall be offered in order to cope with available negative emotions, high unreasonable anxiety, stressful conditions and develop personality adaptive qualities.

5. CONCLUSION

Tense managerial activity makes high demands on project manager behavior and activity structure volitional and emotional regulatory mechanisms. When managerial situation doesn't coincide with usual, stereotyped one optimal decision is taken by means of creative intellectual activity which requires exceptional volitional efforts. However every volitional tension causes emotional overloading resulting not only in breakdowns, neuroses and other diseases, but also arouses compensatory reaction: a person makes an attempt to take decisions relying upon previously developed and already not so exact algorithms regardless of situation and logic. Thus under the conditions of constant tension caused by the necessity to fulfill the required tasks within rather short period of time and under resources insufficiency conditions project managers have to be able to enlist their efforts not to lose self-control and counter stress. Project management sphere specialist stress-resistance level plays an important role. Successful completion of a project depends on the ability to properly organize own and subordinates activity without losing self-control in a responsible moment. The research results have demonstrated that among students
majoring in Project Management there are many people who cannot cope with stressful situations, have increased anxiety and emotional tension which may exert negative influence upon future specialists activity. The application of social and psychological training method will not only teach how to cope with excessive overloading which may lead to stress emergence but also will help apply necessary knowledge and skills received in course of training to prevent stress emergence among the subordinates. As our following task we consider future project managers stress-resistance level enhancement social and psychological training plan and scenario development.

BIBLIOGRAPHY:


ENERGY SECURITY OF THE REPUBLIC OF SERBIA

Lakić Nikola
PhD student at the Faculty of Political Science, University of Belgrade, Belgrade, SERBIA, e-mail: nikola.lakic87@gmail.com

Abstract: The critical points of the energy security of Serbia are energy dependence, low rate of energy efficiency, high-energy intensity and insufficiently exploited potential of renewable energy sources. On the territory of Serbia, there are not enough conventional energy sources. The quality of available fossil fuels is very limited. Serbia is forced to the high import dependence. Serbia spends three to four times more energy per unit of output than in Europe. Irrational electricity consumption per capita is the result of intensive use by the public due to depressed prices of electricity compared to other energy sources and due to the stagnation of economic activity. The low cost of energy may calm nation and lead to a false sense of security even when the energy intensity of its economy remains large. The social price of energy that the political elite use to lead social policy except that discourages capital investment in measures to reduce energy intensity, consequently diminish the responsibility for the rational and efficient use of energy. Energy security is therefore a derivative concept that cannot be separated from political interests. Great potential for saving energy and reducing the use of fossil fuels in Serbia is a fund that in the structure of final energy consumption is the most involved. Most of the existing buildings in Serbia has been built based on a system of fast construction at the time of the socialist reconstruction of the country when it no one care about the energy efficiency. Reducing energy dependence of Serbia is possible thru the exploitation of the potential of renewable energy sources, which according to estimates of experts has a value of half the annual energy needs of the country. The liberalization of the electricity market, increase energy efficiency and greater utilization of renewable energy sources are key measures to increase the energy security of the Republic of Serbia.

Keywords: energy security, energy efficiency, renewable energy, financial instruments

1. INTRODUCTION

Increasing unsustainable demand for energy resources could be realized with the projection of progressive growth of the world population to 10 billion people in 2050. It is expected that the urban population will almost double over the next 40 years: it will increase to 6.4 billion in 2050.¹ According to projections, 75 percent of the population of Europe will live in cities by 2020.² The threat of urban overpopulation looms over the entire world and in this regard, there is a threat of unsustainable demand for energy. Urban buildings have a significant impact on energy consumption, which in turn produces huge and un-
necessary amount of losses and waste. According to an analysis of the “Architecture 2030”, today’s buildings are the largest global consumers of energy as they consume about 40 percent of the energy and are responsible for 40 percent of emissions of harmful gases, which is more than any other sector, including transportation and industry\(^3\). Excessive and inefficient use of energy in urban areas can impoverish domestic natural resources and exponentially increase energy depending on foreign resources. Decline in the quality and quantity of resources and population growth are factors besides endangering energy security and pose a threat to the vital functioning and survival of future generations. Implementation of energy efficiency measures in the building technique and renovation residential sector (houses, residential and commercial buildings) and greater utilization of renewable energy potential may act causally on the energy security of a country, economic growth and the prevention of losses of natural resources. The current Department of Energy, Development and Environmental Protection of the Republic of Serbia with its nominal expression reveal that the “energy security, economic development and the efficiency of the environmental baseline are interrelated objectives for which no national economy can say is energy safe.”\(^4\) Endangering of natural resources as negative external effects of production and the consequences of energy inefficiency is possible to limit only with the strengthening of “green” measures through state regulation, economic policy instruments (regulation of subsidies, changes in the structure of the tax system), incentives for innovation, “green” technology and the introduction of new rules on financial market. Energy security of the Republic of Serbia and the measures that have the potential to transform current unsustainable energy paradigm are the subject of this paper. We start from the basic assumption that in Serbia there is not enough conventional sources of energy, which constitutes a high energy dependence on imports, as well as the fact that potential of energy efficiency and renewable energy are poorly utilized in Serbia, which has overall implications for energy security of the Republic of Serbia.

2. CONCEPTUALIZATION OF ENERGY SECURITY

Arnold Wolfers defined security as “the absence of threats to the adopted values.”\(^5\) In accordance with this definition, security is a necessity of human existence that in addition to existence requires freedom from all kinds of threats and space to make choices about lifestyle. Economic well-being, individual security and stability of the political system may be viewed as the “adopted” values of each society. Energy insecurity could pose a threat or risk to these values as any threat to the stable flow of energy production damage the economic, political stability and personal welfare of citizens\(^6\). Energy security is therefore, to paraphrase Ken Booth, the instrumental value that allows people the opportunity to choose how to live\. Energy for this reason should be securitized and treated as security issue.

---


Different actors are also giving a different meaning to the concept of energy security. The traditional definition of energy security involves elements of availability, reliability and accessibility. Energy security is defined as the ability of a nation and its economy to guarantee the supply of energy resources in a timely manner and at reasonable prices that will not adversely affect the economic performance of the economy. Economic understanding of energy security as well as security of energy supply analytically is not helpful. Energy security is primarily situational condition and contextually dependent concept. No question and the safety aspect cannot be separated from political interests. Safety is a derivative concept that contributes to the production and reproduction of reality in the interests of politics and inherently associated with Laswell’s who gets what, when and how. Energy security should therefore be analyzed as a result of the political process in which inter-subjective structures and individual political preferences play an important role. Thus, for example, low energy prices may be calming nation into a false sense of security even when the energy intensity of its economy remains significantly increased. The social price of energy is a phenomenon that is often used by political elites to led social policy over the energy sector and in return gaining a broader base of political support. However, the social price of energy except that discourages capital investment in measures to reduce energy intensity, it creates awareness, understanding, ways of behavior, desires and expectations among consumers that energy is constantly available with secured supply, which consequently reduces the responsibility for rational and efficient use of energy. Energy security is thus embedded in the factors that constitute the social environment, including everything from politics, education, media, cultural values and access to resources. With respect to a given role of political interests and demographic factors in deepening energy security, establishing the objective standpoint whether energy state of government is uncertainty, insecurity or vulnerability, mainly depends on the combination of the following variables: dependence of the economy and society of individual energy resources, location of foreign sources energy supply, security of energy supply routes in the state’s ability to quickly restore power supply. Therefore, threats and risks to energy security are the depletion of natural resources, reliance on foreign sources of energy and volatile energy prices. Providing cost-effective, reliable and environmentally sustainable energy supply is one of the main priorities of contemporary international and national policies, and energy efficiency is a key component of a comprehensive energy strategy.

12 The ratio of energy consumption and unit of newly created value - the gross domestic product. Increased energy intensity indicates that energy is used in an inefficiently and irrationally way.
14 Michael Wesley, Power Plays: Energy and Australia’s Security(Barton: Australian Strategic Policy Institute, 2007), 21
Under the concept of energy efficiency, we mean a wide range of activities, which is the ultimate goal of reducing the energy consumption of all types with the same or better conditions. Improving energy efficiency is often the fastest way to meet energy needs. Energy efficiency reduces the need for energy from the system, which automatically reduce production costs and energy (prevents the shock of the price), and provide energy security for the individual, the nation and the global community. Rational use of fossil fuels and the implementation of effective measures to reduce energy losses open the door for new investments in the production of renewable energy and energy efficiency measures, which lays the foundation for building a sustainable economy without the necessary growth in energy consumption and energy dependence. Problems with the current energy systems are not limited to the use of non-renewable energy sources, a significant problem is that the entire energy system is inefficient. Large, centralized power supply system systematically leads to unnecessary and large distribution losses only if you consider these basic facts: more than two-thirds of the fuel energy used to produce electricity is lost before it reaches the household, over 90 percent of the energy of the pit coal is lost before utilization, while ordinary bulbs lose 90 percent of their energy as heat, using only 10 percent for the production of light. Therefore, the need for energy should be evaluated to a great extent and in manner in which the buildings and transport systems are efficient.

3. ENERGY SECURITY OF THE REPUBLIC OF SERBIA

National Security Strategy of the Republic of Serbia is the most important strategic document that represents a synthesis of chosen and binding positions on the issue of security of the state and the basis for the development of strategic documents in all areas of social life. Strategy only means inevitable trend exhaustion of non-renewable sources of energy resources as the real basis of endangering energy security and the challenge of stability and security of the Republic of Serbia. Energy Development Strategy of the Republic of Serbia by 2015, as a basic instrument for the implementation of the energy politics of Serbia sets the following priorities: economic utilization of high-quality energy products, energy efficiency and use of renewable energy sources. In this paper, the critical points of the energy security of Serbia are presented as energy dependence, high energy intensity, low rate of energy efficiency and insufficiently exploited potential of renewable energy sources. Serbia slowly enters the absolute energy dependence. The import dependence was about 33.6 percent in 2010, while import dependency projected for 2008 stood at 42 percent. The reserves of high-quality fuels, such as oil and gas are very small, amounting to less than 1 percent of the total energy reserves of Serbia. The largest reserves are of low-quality lignite, with about 92 percent of the total balance reserves. In the structure of the production of primary energy, coal accounts for 69 percent, while as an energy input in the system transformation is presented with 64 percent. Lignite with a total exploitation reserves of

about 13,350 Mt represents the most important domestic energy resource, which will be sufficient for the period between fifty and seventy years.

The total amount of primary energy needed for consumption in 2013 was 16.739 million tons of oil equivalent (Mtoe). It is 5 percent more than the estimated total amount of primary energy consumption in the 2012, which amounts to 15,992 Mtoe. The required amount of primary energy will provide 67 percent of domestic production and 33 percent of net imports. Domestic production of primary energy includes exploitation/utilization of domestic resources of coal, crude oil, natural gas and renewable energy sources (hydropower and firewood) per annum. Planned production of primary energy in 2013 amounted to 11.259 Mtoe, an increase of 4 percent of the estimated produce it in the 2012, which amounts to 10.852 Mtoe.

Serbia is energetically most dependent on natural gas and imported oil. In the case of natural gas, there is a tendency of complete binding for Russian gas. The whole potential of Serbia is in an advanced stage of exploitation and can meet 20 percent of demand. The required quantities of natural gas in 2013 will provide the 17 percent of domestic production and 83 percent from import. Plans for the construction of alternative sources of supply will raise the level of security of gas supply in Serbia, primarily the construction of a gas pipeline called “Juzni tok” whose capacity is about 40 billion cubic meters over Serbia's territory, and gas storages. Oil was provided with 43 percent of domestic production and with imported 57 percent of total needs. Import of crude oil in 2013 were planned in quantities of 1,660 million tons, which is 55 percent more than the estimated import in 2012, which amounts to 1.073 million tones. However, Serbia has no strategic reserves of petroleum and petroleum products, but only supplies from stockpiles, which are used in the emergencies. Strategic reserves in other countries are sufficient for about 90 days and those are imported petroleum products. Lack of strategic reserves reflects the weak state's ability to quickly restore power supply in terms of energy crisis. Energy security of Serbia is vulnerable to geopolitical events in the world, because an increase in the price of crude oil and petroleum products in the Mediterranean region affects the price of energy in Serbia, as the contract with the main supplier is on oil based formula. Serbia due to its geographical location has a developmental problem in the field of energy, because there is no access to the sea and consequently no cost unencumbered access to the world market of conventional energy, bearing in mind the fact that oil, gas and coal trade largely thru marine transportation.

From the above-mentioned data it can be observed, that the continued growth depends on import and a need for more intensive use of fossil fuels grows due to the growth of the needs for primary energy. Threats to energy security of Serbia determines the energy intensity, or the energy consumption per unit of added value, which is up to four times higher in Serbia than in the EU because it produces little new products and spends a lot of energy for them. Irrational electricity consumption per capita is the result of intensive use by the public due to depressed prices of electricity compared to other energy sources and the apparent disagreement in prices of different types of fuel and energy, as well as due to the stagnation of economic activity. The main effort of the energy policy of Serbia must

19 „Energy balance of the Republic of Serbia for the 2013”, 5
20 November 21, 2011 „Banatski Dvor”, underground gas storage was officially started to work. Underground storage is one of the largest facilities for the storage of gas in southeastern Europe. The active storage capacity is 450 million cubic meters of gas, while the maximum daily capacity is 5 million cubic meters.
21 „Energy balance of the Republic of Serbia for the 2013”, 3
be reducing dependence on imports and the rational use of fossil fuels through systemic measures of liberalization of the electricity market, increasing energy efficiency and the intensification of the usage of the potential renewable energy sources. Increasing energy efficiency and application of renewable energy sources are key measures to increase energy security.

State of the energy efficiency in Serbia is such that places it among the largest consumers and polluters in the Balkans. Energy efficiency in Serbia is even 2.5 times lower than in the EU countries. Inadequate level of energy efficiency in Serbia testifies the fact that losses in transmission and distribution of electricity amounted to 19 percent and are among the highest in Europe. Endemic problem of energy efficiency of Serbia, and thus the energy security of Serbia, is the fact that most of the existing buildings were constructed by the system of rapid construction in the period of socialist reconstruction of the country when no one cared about energy efficiency. This has contributed to the average energy consumption in buildings in Serbia is over 150kWh/m² per year, while in the developed European countries is below 50 kWh/m². In the residential sector (households, buildings and public utilities) is the largest energy consumption. The structure of final energy transport accounts for 24 percent, with 30 percent of the industry, and other sectors together (households, agriculture and public and commercial activities) account for 46 percent. Total electricity consumption by sector accounted for 56 percent of the households and 65 percent of it is used for space heating in residential area. Since the residential buildings were built during the seventies and eighties with inadequate insulation or with no insulation whatsoever, they now represent the biggest problem in terms of energy consumption in Serbia, and at the same time and a great potential for energy savings. Serbia per season spends about half a billion Euros for heating, and if the energy efficiency savings is 10%, it would be possible to save some 50 million Euros per season, which would be possible to invest in other development projects. In addition, if you every household in Serbia would be willing to replace one 100W bulb with 20 watts, it would be possible to save more than 17 million Euros per year. Currently available measures and technologies according to BASF statistics can reduce total energy use in buildings up to 80 percent. The buildings can improve energy efficiency and achieve approximate net - zero fossil fuel consumption through more efficient insulation, utilization of natural energy (solar panels) and better control of climatic conditions in the building using double glazing, natural air conditioning, passive illumination and other energy efficiency measures. The potential of energy efficiency could be crucial especially if you consider the fact that more than 90 percent of the production of thermal energy in district heating systems in Serbia is based on the direct use of fossil fuels, while in the EU fossil fuels are used only in 15 percent in cases of thermal energy production.

---

23 „Energy balance of the Republic of Serbia for the 2013”,12
24 „First Action Plan for Energy Efficiency of the Republic of Serbia for the period 2010 - 2012” (Belgrade, June 2010), 13
25 Zoran Živković, Predlog mera za finansiranje energetske efikasnosti u zgradarstvu u Srbiji (Beograd: Građevinska knjiga, 2011),37
26 Jerry Yudelson, Green Building A to Z: Understanding the Language of Green Building (Gabriola Island: New Society Publishers, 2007),191
At the current level and the manner of exploitation of resources as well as due to limited resources and ways of irrational consumption, in order to rationalize the use of energy resources, the most important role has the renewable energy. In order to realize the energy balance and increase security of energy supply and energy, it is necessary to intensify the activities in order to increase the use of renewable energy sources in Serbia. By ratifying the treaty on establishing the energy community in 2006, Serbia has committed to the implementation of European directives in the field of renewable energy. Directive 2009/28/EC set binding targets to ensure that by 2020 the renewable energy accounts for 20 percent of total energy consumption in the European Union. Based on this, Serbia has made a commitment that by 2020 increases the share of renewable energy in total energy consumption to 27 percent. The structure of the planned domestic production of primary energy for the 2013, renewable energy sources account for 1,835 Mtoe which is 16 percent of the domestic production of primary energy. Renewable energy sources, with estimated technically exploitable potential of about 6 Mtoe per year, which corresponds, according to the estimates of experts almost half of the annual energy needs of the country, can contribute to smaller usage of fossil fuels and improve energy security and efficiency of the environment.

The most important renewable energy source in Serbia is biomass whose energy potential is estimated at about 2.7 million tones and which according to some estimates could meet 30 percent of the energy needs of Serbia (1.7 million ten residues in agricultural production and about one million tons in wood biomass). It is estimated that the total potential of biomass from agriculture in Serbia is about 12.5 million tons per year, which in terms of energy is approximately 1.7 million tons of the total quantity of biomass residues from agricultural production intended for thermal purposes (just over 3 million tons), which could provide to save the equivalent amount of light heating oil. The estimated amount of biomass in Serbia, which can be used as fuel, is about 1.65 million m3 per year, while the energy potential of forest biomass with more than 12 million tons of wood waste production per year is estimated that supports Serbia in the future potential to develop its bioenergy sector for the production of electricity and heat. In addition to these two sources of biomass, of the most significant sources we should mention the waste of livestock production. For the most part, the waste of the livestock production is animal manure that can be used as raw material for the production of biogas. Based on the statistics, Serbia could produce that much biogas to compensate for about 20% of its natural gas imports, only from livestock.

Prospects for energy independence in the future offer hydropower too. The total hydropower potential in Serbia is estimated at 17,000GWh of which has been used around 10,000GWh. The remaining hydropower potential is estimated to be about 7,000GWh and in the basin of the Morava, Drina and Lim. These areas are suitable for the construction of facilities with power greater than 10MW and an annual production of around 5,200GWh. The potential of small rivers, where they can build small hydropower plants, is approximately 0.4 million complexion, or 3% of the total potential of renewable energy.

---

29 Branimir Jovanović, Miroslav Parović, “Stanje i razvoj biomase u Srbiji”,9
sources in Serbia. Small hydropower plants are power plants with up to 10MW and fall into the category of privileged power producer. If the total energy potential of small hydro power plants could be used, it could be possible to produce 4.7 percent of the total electricity production of Serbia (34,400GWh in the 2006) and about 15 percent of the annual production of electricity from hydro power plants, which amounts to about 10,000GWh.\textsuperscript{30} Wind energy, solar and geothermal energy account for less than 1% of domestic primary energy production. The total potential of wind energy in Serbia is around 1300MW of installed capacity, which is approximately 15% of the total energy potential in Serbia. These capacities can potentially produce about 2.3TWh of electricity per year\textsuperscript{31}. There is also a considerable potential in solar energy, which makes 20-30 percent higher intensity than the European average by insolation. Mean annual global solar radiation on a horizontal plane is as high as about 1,300kWh/m\textsuperscript{2}.

Low utilization rate of renewable energy potential exists because of unrealistic price parity of energy and energy services since energy is an instrument of social policy in the Republic of Serbia. The low price of electricity is particularly unrealistic, which is about 5.5 euro cents per kilowatt - hour, which is three to four times lower than in the EU. In such circumstances, there is no economic interest in investing in projects to increase energy efficiency and renewable energy. The biggest loss due to the effect of price policy is tactless and non-rationalized energy consumption, which compels states to import resources at high prices, while energy from domestic production (coal) sale and exhausts at very low prices. A key step to begin market development of renewable energy would be to determine feed-in tariffs, or guaranteed purchase prices and incentives for electricity produced from renewable energy sources for 12 years from the start of production. The introduction of these measures in 2009 represented the incentive for investors who subsequently showed more interest for investing in this area. Government of Serbia on January 24, 2013 adopted new regulation on supportive prices for the purchase of electricity from renewable energy sources. In addition to feed-in tariffs in Serbia, other financial instruments for energy savings are present, such as funds, subsidies, grants and loans, and financial mechanisms for energy conservation and raising energy efficiency is still not present in the financial market. Important market services in Serbia for raising energy efficiency and saving energy should be the ESCO mode (Energy Service Company). ESCO act as a third party between customer and financial institution. The mechanism involves the development and financing of projects aimed at improving energy efficiency. Partnership with financial institutions allows ESCO mechanism to invest in improving efficiency and reducing cost of energy using the projected cash flows from future energy savings per investment\textsuperscript{32}. During the period of investment repaying, the customer pays the same amount for the cost of energy as before the implementation of the project, so there is no investment risk. The European Bank for Reconstruction and Development has noted that the ESCO represents a \textit{win-win} situation in terms of energy, economy, and environment.


\textsuperscript{31} http://www.serbia-energy.com

4. CONCLUSION

On the territory of Serbia, there are not enough conventional energy sources. Not only the total volume of conventional sources is small, but also the quality of the available fossil fuels is very limited. Serbia is forced to import fossil fuels, which constitute the need for high import dependence. The largest part of the available energy is spent by population for now, and any potential industrial development of Serbia would imply, however, a dramatic increase in import dependency in the field of energy, which would completely restricted the potential of industrial development of Serbia based on energy-intensive industries. In the future, for the Republic of Serbia of the utmost importance will be to reduce the energy dependence of the country and provide safe, quality, cost-effective, environmentally efficient and reliable energy supply and energy. Great potential for energy savings is that the housing area that in the structure of final energy consumption involved in the biggest percent. Serbia consumes three times more energy in residential, commercial and industrial buildings than in the EU. Energy efficiency measures would improve energy security of Serbia with the automatic reduction of the expenditure of fossil fuels. The buildings are unused natural resource and investment in energy efficiency and renewable energy would coincidence with the period when these changes could encourage new jobs and economic growth at present macroeconomic recession. Reducing the energy dependence of Serbia is realistic thru the exploitation of the potential of renewable energy sources, which according to estimates of experts has a value of half the annual energy needs of the country. The most important measure of rational and efficient energy consumption is its price, which is at the moment, at least when it comes to electricity, a disincentive in terms of motivation, above all, consumers, and manufacturers for implementation of energy efficiency measures and investments in renewable energy. Low price of energy is only an instrument of social policy in Serbia. Political conditions which nation is exposed to consequently forming the perspective of energy security of the Republic of Serbia.

BIBLIOGRAPHY:


DILEMMA – INSIDER OR OUTSIDER DIRECTORS

Radosavljević Milan
Faculty for Strategic and Operational Management, Belgrade, SERBIA,
e-mail: milan.radosavljevic@fsom.edu.rs

Abstract: Achieving business success is becoming increasingly difficult, especially when viewed over prolonged period of time. However, some companies and their executive directors achieve positive results, while others remain at the level of mediocrity which eventually leads to their disappearance. It turns out that the success of the business is affected by whether the first people are appointed from within the company from the company, or those are outside people. Since this issue was not sufficiently addressed in the management literature, this paper attempts to shed light on this phenomenon from the perspective of the theory and practice of management. This paper investigates whether and to what extent insiders and outsiders affect business success, in order to translate the findings of this study for the implementation in the Republic of Serbia as a country in transition.

Keywords: CEO, insider, outsider, success

1. ARGUMENTS FOR AND AGAINST HIRING INSIDERS - OUTSIDERS

The dilemma regarding the leading people in the company, whether in leadership positions to set up someone from the company or outside the company, is a matter of judgment of owners (shareholders), i.e. what he wants to achieve with their appointment. There is no universal answer to this dilemma because each organization is unique, at different stages of the life cycle and often exposed to a variety of business and market competition. However, it is possible to point to specific situations in which priority is given to either insiders or outsiders. The dilemma insiders or outsiders must be solved by the policy which is formulated by the owners of the company. Practice shows that insiders are generally appointed when there is a high quality human resources, or individuals or experts that have proven their ability in the company, doing a variety of jobs in different functional areas. In these circumstances, the board or the owners have a clear career plan for development of management structures. In the event that the executive director or other executives leave the company, owners do have options, i.e. they do have at their disposal individuals who may be able to take over management of the company, or some functional part of the company. Career plan is commonplace in large business organizations, but there has been certain criticism regarding this issue. The most serious criticism states that planning a career does not stimulate the competitive spirit and competition of individuals in advance to favor individuals, since it is known in advance who will take the top position. In order to eliminate
this problem, some companies are preparing more candidates for these places, and they are usually appointed deputy director-general. However, practice shows that here we have an even bigger problem between rivals on the one hand, and employee relations. It turns out that today employees too are asked for their opinion on the appointment of top people. Wise owners will never appoint competent individuals if they are not accepted by the executive structure, throughout depth and width of the organization. This often becomes the deciding factor in the appointment of individuals, which is only natural because today there is a need for a high level of socialization and appreciation of the personality of every person by the top management [1]. Another factor that goes in favor of insiders is an attempt to ensure the continuity of the organization, or the completion of certain tasks. It turns out that in the modern business we establish cooperation primarily with people, and then with the organization. In these circumstances, it is not wise to change the management structure, and in particular the first man since the arrival of a new man and even his deputy, often changes relationship between the partners, and often leads to the further co-operation with individual companies. In other words, companies in business relationships get associated with personality and individuals, so that even if there is departure of an individual, they usually continue to cooperate with the company in which the individual was engaged.

Of course, the family company has leading positions typically reserved for a family member or founder. It is usually the oldest or the most experienced member of the family who is at the same time both visionary and strategist. In the family or in the company where there are family relationships outsiders have no chance. It is important to point this out because there are authors who deny the specificity of a family business. They ignore the emotional connections and relationships between family members that are at the same time the strongest cohesive tissue of integration of all members towards achieving the set goals. Any exclusion of emotion and effort to the relationship between family members is reduced to interpersonal and business relationships not only is unacceptable but impossible, and it is also detrimental to business success. It turns out that a man is willing to sacrifice himself only for his descendants, and that through good family relationships one can build a successful business and, vice versa, a successful business encourages the creation of good family relations [2].

Outsiders have more chances in companies that do not have enough qualified staff. Here the owners feel that there is a sufficient number of educated people for office business in the market, as well as for strategic management, and that there is no need to prepare and plan their own leadership potential. In this context, the company hires the so-called 'head hunters,' i.e. agencies, consultants and other parties to make recommendations for the appointment of the first people company. These professional organizations keep records of successful managers ranked their success and are able to recommend appropriate strategic managers, keeping in mind whether you are talking about intellectual, manual, dynamic or classical organization. Another element in favor of outsiders is when we want to break the continuity of certain trends, i.e. we want a clear break with current practice in companies. The owners recognize that certain strategies do not provide satisfactory growth and development, and competitiveness and profitability. These are often high costs, lack of flexibility, solid bureaucracy of the organization, and so on. In these circumstances, the owners are trying to bring a new leading people, or people with new ideas, approaches and philosophy of business. This is similar to changing the sports coach when the team does
not achieve the expected results. By bringing a new coach we are changing the attitude of the team, but also within other parts of the sporting organizations, thus with the same team we achieve better results.

An outsider is often the solution when we have disturbed interpersonal relationships within the organization. This is so whether it is the case of disturbed relations between people or between parts of the company and between the company and the environment in which it operates. Shareholders or owners feel that there is no authority in the organization that could solve these problems and make decisions to invite an outside person.

2. ADVANTAGES AND DISADVANTAGES OF INSIDERS AND OUTSIDERS

Appointment or selection of strategic managers is the most important task of management or board of directors or shareholders assembly. Errors in this regard are being paid dearly, which requires high professionalism in the selection or appointment of the Director. Some companies, as noted, do plan a business career and prepare individuals for senior positions, while others choose to hire professionals to manage the side. Notwithstanding the foregoing, any dismissal of the head of the company causes tentative “shocks” and is often reflected in the decline in stock prices, which can lead the organization in a very difficult situation. Hence the practice in many companies that the health status of top managers or possible illness is kept as a secret because when stakeholders get hold of this information about diseases of the Director whom they believe, this leads to lowering the price of shares, and thus the sales price of the company [3].

The involvement of an insider or an outsider has its good and bad sides. The good sides of insiders are generally poor by outsiders. However, things are much more complicated. It may be noted that the rule is that there are no strict rules or correct answers. We should particularly keep this in mind now. This is a time of revolutionary change and great uncertainty that requires strategic management to be adaptive and to provide fast and high-quality answers to increasingly complex and interrelated problems.

However, the practice has differentiated good and bad sides of insider or the outsider appointment of the first people company, which is relatively well represented in the following table: Advantages and disadvantages of insiders and outsiders can be strengthened or reduced, depending on the type, size and type of organization. For example, in case of intellectual organization, election of the first man is much more complex, as compared to an organization followed by manual structure. However, each organization is distinct and unique, so that the weakness of one can be strengths in other organizations. The above indicates the need for a broader explanation of the above table.

2.1. Advantages and disadvantages of insider directors

Although it is difficult to generalize insider and outsider directors on the criterion of business success, it is shown that insiders have their strengths and weaknesses, which can be represented by the following arguments:
Table 1: Advantages and disadvantages of insider (outsider) appointments of leaders in companies

<table>
<thead>
<tr>
<th></th>
<th>Insiders</th>
<th>Outsiders</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Advantages</strong></td>
<td><strong>Disadvantages</strong></td>
<td></td>
</tr>
<tr>
<td>Better knowledge of the problem</td>
<td>The ability to create</td>
<td>Generalizes different experiences</td>
</tr>
<tr>
<td>Better knowledge of the org. resources</td>
<td>Favors unit where it came from</td>
<td>New people bring new ideas</td>
</tr>
<tr>
<td>Knowledge of the org. culture and relationships</td>
<td>Not ready for radical change</td>
<td>Objective interest in making decisions</td>
</tr>
<tr>
<td>more committed to the company</td>
<td>Do not have sufficient authority</td>
<td>Faster running organizational change</td>
</tr>
<tr>
<td>Employees can influence the selection of managers</td>
<td>Accustomed to the current state</td>
<td>The involvement of professional organizations</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

a) Insiders’ advantages

- They are more familiar with the problems of organizations. This is the most powerful insider feature because people often live with the problems of the organization and can relatively quickly diagnose its causes, and hire a specialist or agency to resolve the problem. Insiders often understand and solve the problem, and often can be with their own staff to the same resolve, reducing time and costs, which in modern terms is increasingly gaining in importance.

- Insider directors have deeper knowledge of organizational resources. People in the organization know each other and know their abilities, and strengths and weaknesses and are able to design their outcomes in appointments to senior positions. Wise insiders are more opportunities to seek ideas within the organization. According to many, “local” ideas have much more credibility than those who came “from outside”. This is particularly evident when rewarding individuals or departments, or departments within companies that innovate, or to stand out. [4]

- He is familiar with the organizational culture and interpersonal relationships. Organizational culture and behavior are very important factors of business success. Insiders usually do not need to adapt to a particular organizational milieu, nor the organization to adapt insider director. In this context the knowledge of interpersonal relationships and creating opportunities to eliminate the causes that aggravate relations between people, enhancing the powers that enhance interpersonal relationships.

- Insider directors are more committed to the company. Individuals are often associated with the company and are willing to stay the same, even when there is a problem. When the organization is in a difficult situation, an insider CEO is often the only solution because outsiders often do not want to take responsibility for a bad company.

- Employees may react to the appointment. Sometimes they can have a decisive influence on the choice of insider directors. This particularly applies to those who have shown leadership positions in organizations and that employees believe, and whom
they trust. It shows the confidence today most vulnerable to the phenomenon of micro-level (individual level), and also at the organization level, i.e. at the macro level.

b) Disadvantages of insider directors
- Many years of work in an organization create bonds of friendship that can weaken the organization, especially when the friendship abused. Friendship and friendly relations can be both strong side, because the people in the name of friendship are able to make more sacrifices for the common goals. However, the example of Serbia and other countries in transition shows that friendship is often misused and that is one of the main reasons of unprofessional management.
- He favors organizational unit where it came from. The largest number of insiders can never rise above the workplace and organizational unit where he was. For example, if a man of finance is appointed to the position of top management, he primarily deals with financial matter even though he is now the CEO. More often than not, he usually simply returns to his ‘flock.’ Of course, this can be a problem because it creates unequal status of men or unequal status of parts within the organization, which undermines its homogeneity and the ability to act integrally.
- Insider director is not ready for radical change. The downside is the administrative proportion to the length of service of the individual in the organization, as well as with age. We see that individuals who have more time in the organization, as well as older people are not ready for radical change. They are difficult to change and very restrictive accept new ideas, trying to work the old way.
- Strategic managers who come from the organizations do not have the authority, especially if they had spent considerable time in the organization. For many, the newly appointed Managing Director of the organization will remain the same person as when he occupied some lower management position. This usually applies when an insider director asks for gaining certain knowledge or university degrees, including PhDs. Many directors are not able to think strategically, deal with trivial matters and are not ready to respond to new challenges.
- Insider directors can often be inert and insensitive to certain negative developments in the organization. Habits often produce inertia to change a bad situation, so that the problem is ignored. For example, insider directors in a Serbian company were not interested for years to do an analysis of the cost of each line and each public transport vehicle. This should have served to review the costs, i.e. to get a clear picture of how much money they must feed into this ‘dragon’ in order to make the business process profitable.

From the above it can be concluded that insiders have good and bad qualities, and that it depends on the personality of each individual. Practice shows that a manager who had not change a company at least, is actually not a manager at all. Business history has repeatedly shown examples of top managers who have been raised in a certain company and spent their entire lifetime there, but still they did experience difficult times and challenges.

2.2. Advantages and disadvantages of outsiders

Outsider directors have gained in importance in the second half of the last century, when increased competition and when the owners, with their own human potential have not
been able to meet the new challenges that have appeared in the business sphere. It turned out that the cause of problems for many organizations was excessive orientation to their own staff, which made organization closed and not capable enough to learn from others and through other people and organizations. In this context outsiders have become one of the ways to increase competitive advantage. Analysis of engagement of outsider director shows the following pros and cons:

c) Advantages of outsiders:
- Outsider director generalizes the experience of other organizations and used by them in their work. Potential outsiders are often people change companies, or go from company to company, they acquire different experiences and are able to generalize and apply in their work to other companies. Of course, it should be borne in mind that each organization is unique and that the transfer of solutions from one organization can produce different and often conflicting results.
- New people bring new ideas. The organization often is faced with crisis due to the application of the same concepts over a longer period, or the application of the approaches that are outdated and as such unacceptable. In other words, individuals who have led the company in a difficult situation, they are unable to get out of the same situation, because the problem resulting from the application of inadequate concepts. In these circumstances, the solution is to bring outsider directors, who need to bring not only new ideas, but also refreshing attitude and optimism.
- Outsider director is more objective in making decisions related to certain interests. New, outsider director is not burdened by certain relations, friendly relations and influences and is able to make more objective, and rational decisions. For example, when it comes to the preparation of lists of redundancies, outsider director makes a just decision, while the insider is often taken to protect his friends, so to speak.
- Outsider director is able to quickly bring radical change. Related to this, let us mention the fact that outsider directors are able to perform faster change, especially if it is a radical and unpopular change. It's important to establish a rapid diagnosis of the current situation and create sufficient critical mass to implement changes. If an outsider director is delaying the execution of change, his willingness to introduce the changes will become more “dull.” There is also a danger that individuals who are against the change will become stronger and create coalitions that seek to maintain the status quo.
- Hiring or appointing an outsider in market countries is usually accompanied by the professional recommendations of expert agencies, companies and consultants. They have the data and characteristics of potential individuals in the previous results, or results in other companies. Agencies evaluate and analyze the specific organization and based on that recommended expert who could successfully take control. If the organization is in crisis conditions (i.e. losing market share and customers, employees leave the company, poor interpersonal relationships), we recommend an outsider who respond quickly to problems that have practical solutions and has the tact in dealing with people. In these circumstances, it is not likely that the recommendation is inadequate.
d) Disadvantages of outsider Directors

- He does not know the business problem. This is particularly evident if an outsider director comes out of existing branches where there are different bases of functioning and characteristics. For example, when coming from an agrarian to an industrial company, it is unlikely that the experience gained in previous operations will be of great benefit, because each activity has a number of characteristics in management. A special danger is outsider directors who want to do their job, but do not know how to do it; all this boils down to the familiar folk wisdom: “The ignorance in action is the most dangerous thing.”

- Outsider director does not know the human potential. Outsider before coming to a particular company will first check human potential through insider that exist in the company, but also by our competition, business partners, and even the specific agencies involved in this work. However, outsider should have a “seventh sense” to assess the qualitative side of the staff, their emotional and motivational potential and characteristics. Of course, he should in a relatively short period of time select his team, and the people who do possess special knowledge, skills and abilities.

- It takes longer for an outsider to fit into the existing milieu, or to modify it. Arrival of each individual in the new environment is a stressful event for both the one who is coming, and for those in whose organization the individual comes. When it comes to the outsider director, stress objectively exists with people in his environment, because there is fear that the individuals do not fit into his system of work, or the outsider director does not fit into the existing operation and general business philosophy.

- Using the experience from previous work can prove wrong. It turns out that outsider director can mechanically transmit the experience of management in the early, or earlier organizations, which are at the same time is unacceptable, considering that each organization has its specifics and particularities. For example, if the experience of small business is transferred to large commercial systems, it can be not only ineffective, but also counterproductive.

- Cost and time of the appointment are increased, or extended. Experience shows that owners often turn to specialized agencies that would have to recommend appropriate Directors for controlling the organization. In this context, agencies typically require the analysis of organizational performance with regard to quality of staff, the organic composition of capital, whether it is on a manual, or intellectual organization, in which the age of organizations, whether and how successful, and so on. It is necessary to allocate significant funds for the election of directors, but also takes time, which can be a big problem for stakeholders.

Analysis of the strengths and weaknesses of insiders and outsiders should be entrusted to multi-disciplinary teams. The most important thing is to diagnose the state of the organization, because it is possible that professional bodies (agencies) or owners (employees) due to poor diagnostic recommend wrong solutions, or people who need to ensure survival, and growth and development of the organization. Good or bad results in previous organizations are not a guarantee that these results will automatically be replicated in other organizations, and even in the same organization at different times.
3. **INSIDERS – OUTSIDERS IN DEVELOPED COUNTRIES**

The fact is that there are different criteria by which to evaluate the success of the business of the general manager or executive director, president, etc. It turns out that most often as criterion of business success we take profitability, and share price growth from the time of taking the company to the end of his term. This classic criterion has a high level of correlation with customer satisfaction and other stakeholders. However, in the last decade as a criterion of success of business leaders to take the fact the condition is a director of the company, took over from his predecessor, and how the company works after the departure of its leader [5]. The theory and practice of management is based on the fact that outsiders are more objective because they come from outside, or from other companies and are able to make better decisions. Furthermore, the outsiders generalize experiences gained in other companies and can better apply them to a particular organization. According to many theorists, outsiders are often the only solution when the company is in a crisis situation and when it is uncertain that the management that led the company into the very difficult situation can perform consolidation, revive the company and move it towards prosperity. This view was taken from professional sport, where in the event of disturbed interpersonal relationships and failures they engage people outside the club, which will consolidate the ranks and have put in a position to achieve better results. This statement is confirmed on the example of top managers. Among the analyzed fifty most successful executive directors, the outsider solution proved to be successful in the case of the Executive Director placed as number 19, John Thompson, who had left a job at IBM to take over the CEO of Symantec which was in a very difficult situation [6]. However, the Harvard Business School and other management researchers are of the opinion that insider managers are better option (for the position of CEO). They argue that outsiders are expensive and that's critical in this mode; they do not know the specifics of the same company in the above research showed that though insiders showed better results. Within 2000 companies insiders have had a better position in 57 companies, more than outsiders. The companies that were in trouble were more likely to hire outsiders as CEOs, which corresponds to the claim that directors who have led the company in a difficult situation not being able to get away from the same situation. However, when we compare the CEO who took over companies that operate poorly, outsiders did not achieve a better result by whistleblowers. Finally, of the five most successful leaders who have been the most successful since the mid-nineties, they all came from the company, or were insiders. This research has shown that on the list of fifty most successful executive director of the world in 76% of the cases are those who have been raised in their company and in the same used to perform certain tasks, such as finance, development, human resources, etc. Steve Jobs, the most successful man in the business world, grew as Apple executive, first as an acting board member and then as executive officer (CEO). After Jobs died, he was replaced by Tim Cook, again the man from Apple, who worked together with Jobs and Jobs had had confidence in him [7]. The situation is similar with other names in the group of 50 of the world’s most successful executive directors. Most insiders, before they come to the top positions, were engaged on the average in two companies in important positions for some 5-8 years. Thus, the gradual progression in career is one of the most important principles of creating a successful manager. The companies plan and develop the careers of their managers and executive directors. Search and selection for the chief executive has
become a very challenging job, requiring competence, multidisciplinary skills, and art. The advantage of an insider is in better understanding of the problem and the situation in the company, and he can often motivate capable and loyal people from the company, but they have the problem of subjectivity in decision-making in particular interest cases. However, this weakness can be relatively easily remedied, because when individuals reach the top position, they must learn to forget what they had learned before, etc. All this is very difficult, but not impossible.

4. INSIDER OR OUTSIDER IN SERBIA

The issue of insider or outsider appointment or election of directors is not considered in the management of Serbia. This does not mean that this factor has no effect on the business performance of Serbian companies. In the above should be noted that Serbia is a country that is still doubtful about management as profession and management is presented in a negative light. It is often pointed out that we educate a large number of unnecessary future managers who can not find jobs. The situation is completely opposite. Serbia lacks over 100,000 managers of different levels of management (top management, middle and lower management) in different areas of life and work. Those are pre-school institutions, university facilities, medical, cultural and business organizations. All this in the following sectors: industry, agriculture, mining, tourism, all the way to the public administration. The most important positions in the public sector, which accounts for over 50% of the Serbian economy, is occupied by incompetent people. In other words, instead of professionalization of management in Serbia there is ideological and cheap political management. Its main task is not to ensure the success of a business organization, but to provide privileges to a certain political option, which appointed him to that position. Hence the dilemma between insiders and outsiders does not appear in a serious form. There is a debate on the professionalization of management in all areas of the economy and society. [8]

The dilemma insider or outsider is conditioned on the type of ownership. In private, especially family businesses, the rule is to appointed individuals from the organization, or the insiders to leading positions. In a family business that is usually a member of the immediate or extended family, or individuals who have been checked. In SOEs mainly the system of outsider nomination and the political structure that is in power is applied. However, it can be concluded that in most organizations there is no career planning and advancement of people from the company. The reason is that management is still perceived as a profession and as a craft that requires a certain competence, knowledge and skills. Accordingly, management is not seen as a permanent profession, but as a temporary and occasional management of organizations. Although there are no precise figures, it is estimated that Serbian companies prefer outsider directors, especially when dealing with large organizations that exist in the public sector. Here the directors change when the party in power changes. This means that directors in large public companies tend to retain about three years, and the time interval when the Serbian conduct elections at all levels of the change of power, even when the same political options remains in power after the elections, there shall be the appointment of a new Director. Outsider appointment of the leading people in companies in the public sector, who are both incompetent and inexperienced, but party officials leads to bad results in business. According to the data, in Belgrade in 2012 there were 26 public companies.
which, employ about 18,000 employees. In these companies the total income in 2012 was around 68.3 billion RSD, which amounts to about 600 million euros. The highest income was recorded in Belgrade Electricity Co. with almost 30% of total revenue, at least was recorded by the Olimp Sports Center, about 50 million RSD, or half a million euros.

Of this number of public companies, 8 companies in 2012 reported a loss of around three billion dinars, or about 300 million, while other public companies working with minimal, or no gain. The greatest loss is expressed Public Transport Company in an amount of about 2 milliard dinars, or about 200 million euros. In most of the Belgrade public companies, directors are appointed by the party’s key and largely as outsiders, often with no working experience and competence. A similar situation arose in recent years [9].

In these circumstances, better result was not to be expected. This necessitates a radical redesigning of public sector Serbia so that instead of party cadres and outsider (who are appointed temporarily and periodically) to introduce those who have graduated from a manager and experience in managing an organization. Of course, the practice of the developed world should be implemented in Serbia, meaning that primarily insiders should be appointed, including career planning and long-term preparation of personnel to download the most important positions in organizations.

Serbia has thousands of graduate managers, who may be appointed to leading positions in the public sector, government agencies and organizations, health, educated, cultural and other institutions and agencies. Their places are now occupied by political, incompetent people. De-politicization of the public sector in terms of management is the first step in the reform of the political scene in Serbia announced more than a decade and a half ago.

5. CONCLUSION

The issue of insider, i.e. outsider directors is not sufficiently clarified in the theory and practice of management. Analysis has shown that this issue is the high level of correlation with business success rate, i.e. the most successful global companies appointed directors of the company, with career plans of each manager and his progress. In other words, companies monitor individuals in lower management positions, monitor their performance and improve them gradually, until they are ready to occupy a certain position with high responsibility. This practice is natural, because the management company is one of the most complex activities which one can engage. Hence the above practice of selection and election or appointment of directors. This is because the error in his choice of paying expensive and often difficult to correct all the turbulent and uncertain market.

In Serbia, a country in transition, the practice is quite different. In over 75% of companies in the public sector managerial positions are reserved for people from the party or coalition in power. They are named as outsiders, at intervals when local or parliamentary elections are held. Therefore, it is noted that the director’s position in Serbia is provisional and temporary, and that this complex and very hard profession is occupied by the incompetent, inexperienced amateurs. Outsider directors, as second-rate, surround themselves with the party aides and advisers (who are third-rate personnel). These people continue to surround themselves with the fourth rate associates and thus create negative pyramid of personnel. Outsider directors in Serbia are generally loyal to their party. They generally provide privileges to the party in power, and are not interested in the business perfor-
mance of the companies they manage. After the expiry of the mandate, the leave for other party duties, and as party officials they implement the policy of their party.

BIBLIOGRAPHY:

CRIMINAL ACTS AGAINST THE SAFETY OF THE PUBLIC TRANSPORT WITH SPECIAL FOCUS ON THREAT TO PUBLIC TRANSPORT

Ristić Mirjana¹, Milosavljević Milan²
¹Police department, Niš, SERBIA, e-mail: risticm85@yahoo.com
²Police department, Niš, SERBIA, e-mail: risticm85@yahoo.com

Abstract: Road safety is the lack of danger in the activity of overcoming the space. Security is contained in the core of the traffic, as the property of traffic activities. It exist due to danger when a man shakes is managing machines overcoming space, and it is inevitable in case of failing functioning of the traffic, which exhibits a certain reliability, monitor the production process traffic as the inevitable loss due to unplanned costs and damages due to accident events. Traffic was established as a man to satisfy a desire to master space. The level of transport development reflects the current level of development of society. If the development of traffic is lagging behind the development of the society, then it is an obstacle to the further development of society. Optimal development is possible only with coordinated development of transport, economy and society as a whole. Today, most developed countries have the most developed transport. Traffic has contributed much to the overall development of civilization, and it is one of the important elements of its development. However, the adverse effects of traffic threatening to belittle and significantly reduce the use of transport.

In the period 1981 – 2012, 41,064 people were killed in road accidents in the Republic of Serbia. During the same period, 614,437 were injured. During the nineties, there has been a drastic increase in the number of accidents and the number of fatalities increased. These data represent a logical sequence of events, taking into account the kind of economic situation in the former Yugoslavia at that. At that time, little attention has been addressed to safety. This trend lasted until the mid-nineties, i.e. improved economic power, and after the growth of all indicators, at the end of the decade decline was obvious. However, all these changes cannot be regarded as a consequence of systemic breakthroughs in the management of road safety, but the current situation in which the Serbian society was. At the end of 2009, the new Road Safety Act entered into force, one of the most systematically significant, written on the model of the acts of leading European countries in terms of road safety.

Keywords: traffic accidents, road traffic, endangering public transport, road safety, RSA

1. INTRODUCTION

Whoever in traffic on public roads fails to observe traffic regulations and thereby endangers road traffic to extent to compromise life and body or property of larger extent, and this consequently results in minor bodily injury or property damage exceeding RSD 200,000 shall be punished by imprisonment up to three years.

¹ Podaci Agencije za bezbednost saobraćaja
Whoever fails to observe traffic regulations and consequently endangers railway, streetcar, trolley bus, bus traffic or cable car transport to imperil life and body or property of larger extent, shall be punished by imprisonment of six months to five years. If the offence specified in paragraphs 1 and 2 of this Article is committed from negligence, the offender shall be punished by fine or imprisonment up to one year.2

2. THE PHENOMENON OF AN ACCIDENT

A traffic accident is an accident that happened on the road or started on the road, including at least one vehicle in motion, in which at least one person is killed or injured or damage is caused.3

A traffic accident happens to a direct participant in the accident but the wider community too. A participant who is not to blame for the resulting accident is interested to be satisfied from the economic point of view. The economic interest of the community is to reduce the frequency and severity of the consequences of accidents to a minimum. Each individual case of accidents it is necessary to discuss, and it is necessary to clarify the circumstances and facts why did the accident happen, because there are economic and other interests of the individuals and the community.

Direct protection of the accident cannot be considered the only factor that affects the properties of traffic safety. Objectively, judging on the organization of security or regulatory requirements demands broader observations that are founded on the study of the transportation activities. Direct care is a significant part of the required impact on safety. It usually leads to the “unexpected” oscillation of security, when society reacts more or less violently to the negative effects of traffic events. The dimensions of the actual security are objectively different. It is certain there are two main reasons for engaging each organized community in the prevention of traffic accidents - the need to protect life and health and to protect vulnerable material values in traffic. Given the fact that the accidents are social problem, there is a justification and interest of every organized society for the prevention of accidents, and much wider than interest in the proper orientation of direct care.

- Economic consequences of insecurity materialize as equivalent to the value of the loss, cost and damage to the transportation activities due to accident events.
- Epidemiological vulnerability of the population is evaluated according to death and injuries of people in traffic, compared to other high-risk activities.
- Bearing in mind the existence of correlations in economic development and traffic as particular types of economic activities, point of view that emphasizes the fact that material equivalent of the consequences of accidents directly affects the performance of economic activities is reasonable.

An important step to improve road safety in the Republic of Serbia are high quality, professionally based, enforceable and accepted programs and plans that define the objectives, activities for the realization of the goals and priorities according to the principle of relevance. It is important to clearly establish responsibilities and accountability for the implementation of plans and programs. Facilities that are planned and implemented by the traffic police, despite the fact they have the professional and public support, without significant participation of other stakeholders in the existing traffic conditions it is difficult

2 Krivični Zakonik, čl.289, glava XXVI
3 Zakon o bezbednosti saobraćaja na putevima čl.7 tač.82
to significantly contribute to stopping growth and a gradual reduction in the number and severity of accidents and consequences.

**Table 1:** Overview of the number of accidents with the number of casualties, fatalities and injured persons by year

<table>
<thead>
<tr>
<th>Year</th>
<th>No. of accidents</th>
<th>The number of traffic accidents with persons victimized</th>
<th>Causalities</th>
<th>Injured persons</th>
</tr>
</thead>
<tbody>
<tr>
<td>1981</td>
<td>N/A</td>
<td>16207</td>
<td>1810</td>
<td>21750</td>
</tr>
<tr>
<td>1982</td>
<td>N/A</td>
<td>16357</td>
<td>1838</td>
<td>21829</td>
</tr>
<tr>
<td>1983</td>
<td>N/A</td>
<td>15317</td>
<td>1658</td>
<td>19889</td>
</tr>
<tr>
<td>1984</td>
<td>N/A</td>
<td>15323</td>
<td>1719</td>
<td>20551</td>
</tr>
<tr>
<td>1985</td>
<td>N/A</td>
<td>14941</td>
<td>1603</td>
<td>20123</td>
</tr>
<tr>
<td>1986</td>
<td>N/A</td>
<td>15787</td>
<td>1667</td>
<td>21043</td>
</tr>
<tr>
<td>1987</td>
<td>N/A</td>
<td>16047</td>
<td>1714</td>
<td>21374</td>
</tr>
<tr>
<td>1988</td>
<td>N/A</td>
<td>16162</td>
<td>1704</td>
<td>21829</td>
</tr>
<tr>
<td>1989</td>
<td>N/A</td>
<td>16810</td>
<td>1780</td>
<td>22424</td>
</tr>
<tr>
<td>1990</td>
<td>N/A</td>
<td>17133</td>
<td>1955</td>
<td>23070</td>
</tr>
<tr>
<td>1991</td>
<td>N/A</td>
<td>16294</td>
<td>1892</td>
<td>22182</td>
</tr>
<tr>
<td>1992</td>
<td>30465</td>
<td>13664</td>
<td>1595</td>
<td>18071</td>
</tr>
<tr>
<td>1993</td>
<td>19963</td>
<td>9902</td>
<td>1183</td>
<td>13209</td>
</tr>
<tr>
<td>1994</td>
<td>20037</td>
<td>10951</td>
<td>1198</td>
<td>14084</td>
</tr>
<tr>
<td>1995</td>
<td>21578</td>
<td>11556</td>
<td>1090</td>
<td>15341</td>
</tr>
<tr>
<td>1996</td>
<td>65015</td>
<td>14283</td>
<td>1215</td>
<td>17974</td>
</tr>
<tr>
<td>1997</td>
<td>72059</td>
<td>17139</td>
<td>1496</td>
<td>22601</td>
</tr>
<tr>
<td>1998</td>
<td>62224</td>
<td>14491</td>
<td>1331</td>
<td>18856</td>
</tr>
<tr>
<td>1999</td>
<td>45339</td>
<td>11860</td>
<td>1100</td>
<td>15079</td>
</tr>
<tr>
<td>2000</td>
<td>48830</td>
<td>12749</td>
<td>1048</td>
<td>16620</td>
</tr>
<tr>
<td>2001</td>
<td>61711</td>
<td>15099</td>
<td>1275</td>
<td>19906</td>
</tr>
<tr>
<td>2002</td>
<td>52177</td>
<td>11586</td>
<td>854</td>
<td>14760</td>
</tr>
<tr>
<td>2003</td>
<td>55660</td>
<td>12415</td>
<td>868</td>
<td>15953</td>
</tr>
<tr>
<td>2004</td>
<td>62434</td>
<td>13374</td>
<td>960</td>
<td>17557</td>
</tr>
<tr>
<td>2005</td>
<td>62036</td>
<td>12769</td>
<td>843</td>
<td>16890</td>
</tr>
<tr>
<td>2006</td>
<td>63954</td>
<td>13923</td>
<td>910</td>
<td>18411</td>
</tr>
<tr>
<td>2007</td>
<td>70789</td>
<td>16594</td>
<td>968</td>
<td>22209</td>
</tr>
<tr>
<td>2008</td>
<td>67786</td>
<td>16672</td>
<td>905</td>
<td>22297</td>
</tr>
<tr>
<td>2009</td>
<td>64877</td>
<td>15814</td>
<td>810</td>
<td>21511</td>
</tr>
<tr>
<td>2010</td>
<td>47757</td>
<td>14179</td>
<td>660</td>
<td>19326</td>
</tr>
<tr>
<td>2011</td>
<td>42438</td>
<td>14119</td>
<td>731</td>
<td>19312</td>
</tr>
<tr>
<td>2012</td>
<td>37559</td>
<td>13333</td>
<td>684</td>
<td>18406</td>
</tr>
</tbody>
</table>

4 \[\text{http://prezentacije.mup.gov.rs/usp/Statistika/Statistika.html}\]
During the 2010, 660 people were killed in traffic accidents. The following year was even worse in terms of the number of fatalities in traffic accidents. The scientific and professional community usually explains this as weakening effects of the impossibility to implement certain statutory provisions, delays related to the adoption of by-laws, insufficient activity of individual institutions, weakening the positive effects of media influence and lack of enforcement of penal policy.

3. MAN

In a broader conceptual preventing of accidents, the man is regarded as the primary factor of safety. Observing how a person performs the task of driving are important for achieving security, because usually the driver at a critical moment can cause or avoid a traffic accident. A process of receiving and processing information is very important in making decision to drive. Ability to safely drive is shaped in layers: based on acquired knowledge about road safety, training of manual application of basic knowledge and skills of good driving. There are many elements in which man in different ways influence the passive and active safety. The most important elements of a man who influenced a comprehensive road safety are gender, age, ability, knowledge - education, attitudes, experience, behavior, fatigue.\(^5\)

Men and women differ in many characteristics, which affect the difference in risk and their involvement in traffic accidents. Based on the analysis of approximately one hundred twenty five thousand traffic accidents in Serbia, it was concluded that women have a lower risk of involvement in accidents.\(^6\)

Women, on average, they realize the danger better than men and are less prone to risks. Women are less involved in traffic accidents especially rarely exceed speed.

The life and life experience in traffic significantly affect the risk of traffic accidents. According to extensive research conducted in Serbia, it was observed that the driving experience decisively contributes to the safety of drivers.\(^7\) According to the nominal driving the track, all the drivers were divided into five classes:

- Inexperienced drivers (drivers beginners), up to 5 years of driving experience
- Inexperienced drivers (6 - 10 years of driving experience)
- Experienced drivers (11 - 15 years of driving experience)
- Mature drivers (16 - 20 years of driving experience)
- Very experienced drivers (21– 25 years of driving experience), and
- Old drivers (more than 25 years of driving experience).

It was observed that 42% of drivers involved in road accidents were beginners (up to 5 years of driving experience).\(^8\)

4. VEHICLE

The vehicle is an essential factor in many developments in road transport. Through the number of vehicles in traffic, one of a natural indicator of the achieved level of security -

\(^5\) Lipovac Krsto, Bezbednost saobraćaja, Beograd 2008, str. 105
\(^7\) Lipovac Krsto, Obuka kandidata za vozače i polaganje vozačkih ispita u funkciji bezbednosti saobraćaja, (studija), Viša škola unutrašnjih poslova, Beograd, 1997
\(^8\) Lipovac Krsto, Bezbednost saobraćaja, Beograd 2008, str.112
the number of accidents and their consequences to the number of passenger vehicles is expressed.
The vehicle is adapted to man in slow motion compared to the developments of modern traffic. Sometimes there is a discrepancy in relation to the needs and expectations of the vehicle to provide security. It is logical that the development of the automotive industry reflects the technical and technological level of the environment. It remains the fact that the traffic environment makes users of the vehicles - a man who operated the machine – that different bears the risk of unsafe outcomes machine control under other various traffic conditions.
Vehicle security is not neglected, as could be judged by the huge loss of humanity in the era of motoring. Aware of the high number of casualties in traffic, many studies and experiments are directed precisely to the vehicle as a “dangerous weapon” that people must use. Driving standards are based on exact explanation of how the vehicle adheres to road, transferring the load to the wheels when the vehicle brakes, accelerates.

5. THE SAFETY ASPECT OF THE ACTIVITIES OF THE POLICE IN PREVENTING CRIMES AGAINST ROAD SAFETY

A study of traffic accidents, as a way of endangering public transportation, shows the complexity of the etiology of traffic accidents. The role of the study of traffic accidents is essential in police work, because the effects of the work are seen through the prism of the frequency and severity of accidents. A great importance is given to accidents, because it is possible to precisely count and assess the legality of the next event. Professional work of the police department in road traffic safety is based on the requirements of the police to ensure the efficient performance of the transportation activities. The next step is implementation of guidance, positioning the organization of work, planning of activities and assessment of the effects of organization and planning.
Materially - the economic equivalent of losses and consequences for the life and health of people committed to the establishment of protection in traffic to the extent that the company is able to organize a preventive approach and to improve the technical and technological organization of the transportation processes.
The safety aspect of the development of police work in traffic is a problem that needs to be considered with care. Mortality statistic in relation to traffic is linearly related to the increase in the index of industrial production. Exposure of the population to death in the traffic accidents occurs with the increase of the motorization level.
Generally, regular checks are the needs of organized traffic, irreplaceable method of operation. The point of control is achieved if its application of the regulation does not retain traffic and does not interfere with its operation.
Police is dealing with preventive propaganda activities in traffic on clear assumptions and the belief that prevention in traffic is effective.
In order to successfully manage the traffic safety, it is necessary to carry out a coordinated series of extensive measures and activities, such as:
- Ensuring and improving traffic flow,
- Ensuring compliance with established modes of transport, detection and treatment of the offenders in traffic
• Support and contribution to the optimal training of drivers and improving the security properties of the vehicle in traffic
• Support and participation in the implementation of programs for the prevention of traffic safety,
• Managing and constant improvement of organization of the traffic police

6. CONCLUSION

Applying the law and changes in traffic behavior
Today, it is estimated that the change in behavior is the greatest potential of the impact on road safety (20 to 40% in the EU). Regulations play an important role in changing behavior. To realize this potential, it is necessary to make a good law and other regulation (already done), and that people comply with regulations while the behavior opposite to law would be punished. Implementation of the law has different goals and objectives implemented in three phases:

1. phase: changing behavior due to police presence
These are the current effects on the field – at the place and in time of traffic control. For example, drivers will obey a red light (or decrease speed) at a given location at a time when they realize there is a police control.

2. phase: changing attitudes
These are short-term memory effects related to the same place or the same offense that continue even after the police control. For example, after long-term control of movement at a red light (or speed control) in a particular place, drivers will obey the light signals (or decrease speed) at that place and even at times when no police control. Automated traffic control can contribute to this.

3. phase: Change of moral - social norms
These are long-term effects of expertly engineered campaigns and consistent application of the law, and rely on understanding the dangers of certain traffic violations. For example, after many years (or decades) of consistent application of the law in relation to not obeying the red light (or speed control) and comprehensive campaigns that explain the meaning of coercion, most participants agree it is immoral to go thru the red light or exceed the speed drastically. In this way, people are willing to help and support the police in identifying and solving these offenses.

In Europe, there is an ongoing process of harmonization of regulations in road safety. Particularly are monitored and harmonized:
- Passing the law,
- Respecting the law (police practice in particular), and
- The efficiency of the courts

In adopting new laws and the amendment, of existing state regulations is expected to support the minimum agreed expert opinion. In this regard, there are a number of recommendations of the United Nations, resolutions and other KEMT documents, EU Directives, OECD documents, etc. There is a number of international organizations, commit-
tees and other bodies which constantly monitor the process and help governments and other institutions to create national regulations.

Harmonization process does not end following the adoption of laws and regulations. Today, a great emphasis is given to harmonization of police practices. A uniform level of compliance with the law in the field of traffic safety is expected to be achieved in Europe, especially in the EU. In this sense, the European strategy of police force was adopted, while international experts participate in the reform of police organizations.

The role of law in promoting road safety is great. This role is often simplified and according to law encompass respecting the law, and sometimes only police force in the immediate traffic control (detection and punishment of offenses). However, when it comes to the law (regulations), we should discuss the following important areas:

1) Establishing a baseline of professional attitudes underlying the laws and regulations of traffic safety,
2) Compliance and verification of attitudes, policies and principles in the wider public,
3) Shaping clear scientific opinions in laws and regulations,
4) Promoting professional attitudes and legal provisions to public,
5) Passing laws and regulations,
6) Realization of the broadest campaign aimed at improving the attitudes of the public to accept and support the provisions of the law,
7) Law enforcement in practice, and
8) Continuous monitoring and improvement of regulations

Beside the fact that police is taking care that traffic law is obeyed, it is important to actively participate in other fields of work, too.

**BIBLIOGRAPHY:**

DETERMINATION OF A GENERAL NORMAL DISTRIBUTION

Subotić Borivoj, Stanković Ivica
Faculty for Education of the Executives, Novi Sad, SERBIA,
e-mail: borivojesubotic@gmail.com
Faculty for Education of the Executives, Novi Sad, SERBIA,
e-mail: ivica.stankovic@fpsp.edu.rs

Abstract: In this paper, one way of the generalization of the normal distribution curve, using interpolation system and Chebyshev polynomials because it represents an indispensable arsenal in the economic analysis and econometrics that each serious economist is using, in order to get a quick and elegant result of its research. Therefore, it is a non-standard apparatus known only to rare economists. The name of the Russian mathematician Chebyshev in mathematical statistics is related mainly to so-called Chebyshev inequality, which also called Chebyshev law of large numbers, while his polynomials remain unknown to many theorists of statistics and econometrics. Therefore, the aim of this article is to fill this gap and to put closer Chebyshev polynomial approximation to a large number of economists.

Keywords: normal curve, Chebyshev polynomials, generalized normal distribution, recurrent formulas, characteristic of orthogonal polynomials

1. INTRODUCTION

In 1855, Chebyshev proposes a general interpolation formula (Chebyshev order, which satisfies the conditions of the method of the smallest squares and is expressed using orthogonal polynomials. It has the following form:

\[ F(x) = \frac{\sum[\psi_0(x_i)\theta^2(x_i)F(x_i)]}{\sum[\psi_0^2(x_i)\theta^2(x_i)]}\psi_0(x_i) + \cdots + \frac{\sum[\psi_m(x_i)\theta^2(x_i)F(x_i)]}{\sum[\psi_m^2(x_i)\theta^2(x_i)]}\psi_m(x_i) \]

Where:
- \( F(x) \) – required function,
- \( F(x_i) \) – known values of the required function,
- \( \theta^2 \) – weight (for example, the distribution of frequencies), and
- \( \psi_m(x_i) \) – Chebyshev polynomials

Chebyshev showed that his polynomials have three very important characteristics:
2. FEATURES OF CHEBYSHEV POLYNOMIALS

1. Zero polynomial is always one:
   \[ \psi_0(x) = 1 \]

2. Polynomials have the property of orthogonality:
   \[ \sum [\psi_m(x)\psi_k(x)] = 0 \text{ for } m \neq k ; \sum [\psi_k^2(x)] = B_k^2 \]

3. Successive polynomials are associated by recurrent formula:
   \[ \psi_m(x) = (\gamma_m x + \beta_m)\psi_{m-1}(x) - \alpha_m\psi_{m-2}(x) \]

Subsequent research has shown that the Chebyshev interpolation order substantially sim-
plifies if we measure the distance \( x - a \) from the mean value (in the form \( x_{1,0} = x - x_1 \))
and \( k \) in medium square deviation units, i.e. shaped into
\[
k = -\frac{1}{2\sigma^2} = -\frac{\sum x_i^2 \sigma}{2\Sigma x_1^2 \rho_0}
\]

If we introduce a new variable \( t \) using the formula:
\[
t^2 = \frac{x^2 \sum x^2 \rho_0}{2 \Sigma x_i^2 \rho_0} \text{ where: } \sum x_{0,0} \text{-is the number of cases or observed objects (analyzed)}
\]
we have:
\[
\theta^2(x) = \phi_0(x) = \frac{1}{\sqrt{2\pi}} e^{-\frac{x^2}{2}} \text{ - a formula for the function of the normal distribution density}
\]

\[
\psi_1(t) = -t = \frac{x_{0,0}}{\sqrt{\sum x^2 \rho_0}} \sum \psi_1(t)F(x) = 0
\]
\[
\psi_2(t) = t^2 - 1 \sum \psi_2(t)F(x) = 0
\]
\[
\psi_3(t) = 3t - 3t^3 \sum \psi_3(t)F(x) = \frac{\sum x_i^3 \rho_0}{\sum x_1^3 \rho_0} = \mu_3
\]
\[
\psi_4(t) = t^4 - 6t^2 + 3 \sum \psi_4(t)F(x) = \frac{\sum x_i^4 \rho_0}{\sum x_1^4 \rho_0} - 3 = \mu_4 - 3
\]

3. THE EXAMPLE OF CHEBYSHEV INTERPOLATION ORDER

Let us select one numerical example to show how to decompose a function of frequency
allocation into the order Chebyshev interpolation order. Let it be in the field of forest
management.

Determination of the normal general curves is shown in the table. The calculations in the
table are based on the use of functions \( \phi_1(x) \), which are, in fact, the products of Cheby-
shev polynomial \( \psi_1(x) \) and the function \( \phi_0(x) \). Values of the function \( \phi_0(x) \) were taken
from the regular table for a normal probability distribution curve .

It is useful to calculate the coefficients of generalized curves using central moments, be-
cause in this case, zero, third and fourth term remain in the expression. So we get a curve:
\[
y = N \left[ \phi_0(x) + \frac{\mu_3}{\sigma^3} \cdot \frac{\phi_2(x)}{6} + \left(\frac{\mu_4}{\sigma^4} - 3\right) \cdot \frac{\phi_4(x)}{24} + \cdots \right]
\]
Determination of central moments is carrying out in a conventional manner, based on the following formulas:

\[
\begin{align*}
\mu_2 &= \frac{\sum y^2}{n} - \left[ \frac{\sum xy}{n} \right]^2 = 7,147 \\
\sigma &= \sqrt{\mu_2} = 2,673 
\end{align*}
\]

\[
\begin{align*}
\sum xy &= 9216 \\
\sum x^2 &= 0,025 \\
\sum y^2 &= 7,210 \\
\sum x^3 &= 14,845 \\
\sum x^4 &= 164,234 \\
\end{align*}
\]

**Table 1:** Determination of general normal curve (frequency of pine trees by diameter)

<table>
<thead>
<tr>
<th>$x$</th>
<th>$x - \bar{x}$</th>
<th>$\frac{x - \bar{x}}{s}$</th>
<th>$f_1(x)$</th>
<th>$f_2(x)$</th>
<th>$f_3(x)$</th>
<th>$f_4(x)$</th>
<th>$f_5(x)$</th>
<th>$f_6(x)$</th>
<th>Observed frequencies</th>
</tr>
</thead>
<tbody>
<tr>
<td>6</td>
<td>- 6.25</td>
<td>- 2.338</td>
<td>0.0259</td>
<td>+ 0.14955</td>
<td>+ 0.00213</td>
<td>- 0.01237</td>
<td>- 0.00000</td>
<td>0.013</td>
<td>44.82</td>
</tr>
<tr>
<td>7</td>
<td>- 5.25</td>
<td>- 1.964</td>
<td>0.0579</td>
<td>+ 0.09762</td>
<td>- 0.30529</td>
<td>- 0.00807</td>
<td>+ 0.00029</td>
<td>0.050</td>
<td>172.39</td>
</tr>
<tr>
<td>8</td>
<td>- 4.25</td>
<td>- 1.590</td>
<td>0.1127</td>
<td>+ 0.08456</td>
<td>- 0.65113</td>
<td>+ 0.00699</td>
<td>+ 0.00063</td>
<td>0.120</td>
<td>413.74</td>
</tr>
<tr>
<td>9</td>
<td>- 3.25</td>
<td>- 1.216</td>
<td>0.1904</td>
<td>+ 0.35235</td>
<td>- 0.70193</td>
<td>+ 0.02914</td>
<td>+ 0.00067</td>
<td>0.220</td>
<td>758.52</td>
</tr>
<tr>
<td>10</td>
<td>- 2.25</td>
<td>- 0.842</td>
<td>0.2798</td>
<td>- 0.53987</td>
<td>- 0.21020</td>
<td>+ 0.04465</td>
<td>+ 0.00020</td>
<td>0.325</td>
<td>1120.54</td>
</tr>
<tr>
<td>11</td>
<td>- 1.25</td>
<td>- 0.468</td>
<td>0.3575</td>
<td>+ 0.46535</td>
<td>+ 0.61993</td>
<td>+ 0.03848</td>
<td>- 0.00060</td>
<td>0.395</td>
<td>1361.8</td>
</tr>
<tr>
<td>12</td>
<td>- 0.25</td>
<td>- 0.094</td>
<td>0.3971</td>
<td>+ 0.11167</td>
<td>1.17046</td>
<td>+ 0.00921</td>
<td>- 0.00112</td>
<td>0.405</td>
<td>1396.3</td>
</tr>
<tr>
<td>13</td>
<td>+ 0.75</td>
<td>+ 0.281</td>
<td>0.3835</td>
<td>+ 0.31477</td>
<td>+ 0.97118</td>
<td>- 0.02603</td>
<td>- 0.00093</td>
<td>0.356</td>
<td>1227.4</td>
</tr>
<tr>
<td>14</td>
<td>+ 1.75</td>
<td>+ 0.655</td>
<td>0.3219</td>
<td>+ 0.54207</td>
<td>+ 0.19635</td>
<td>- 0.04483</td>
<td>- 0.00019</td>
<td>0.277</td>
<td>955.04</td>
</tr>
<tr>
<td>15</td>
<td>+ 2.75</td>
<td>+ 1.029</td>
<td>0.2349</td>
<td>+ 0.46931</td>
<td>- 0.52438</td>
<td>- 0.03881</td>
<td>- 0.00050</td>
<td>0.197</td>
<td>679.22</td>
</tr>
<tr>
<td>16</td>
<td>+ 3.75</td>
<td>+ 1.403</td>
<td>0.1491</td>
<td>+ 0.21580</td>
<td>+ 0.73589</td>
<td>- 0.01785</td>
<td>- 0.00071</td>
<td>0.132</td>
<td>455.11</td>
</tr>
<tr>
<td>17</td>
<td>+ 4.75</td>
<td>+ 1.777</td>
<td>0.0822</td>
<td>+ 0.02305</td>
<td>- 0.49154</td>
<td>+ 0.00191</td>
<td>+ 0.00047</td>
<td>0.085</td>
<td>293.06</td>
</tr>
<tr>
<td>18</td>
<td>+ 5.75</td>
<td>+ 2.151</td>
<td>0.0394</td>
<td>+ 0.13809</td>
<td>- 0.13235</td>
<td>+ 0.01142</td>
<td>+ 0.00013</td>
<td>0.051</td>
<td>175.84</td>
</tr>
<tr>
<td>19</td>
<td>+ 6.75</td>
<td>+ 2.525</td>
<td>0.0164</td>
<td>+ 0.14030</td>
<td>+ 0.08879</td>
<td>+ 0.01160</td>
<td>- 0.00009</td>
<td>0.029</td>
<td>96.54</td>
</tr>
<tr>
<td>20</td>
<td>+ 7.75</td>
<td>+ 2.899</td>
<td>0.0059</td>
<td>+ 0.09353</td>
<td>- 0.13853</td>
<td>+ 0.00737</td>
<td>- 0.00013</td>
<td>0.013</td>
<td>44.82</td>
</tr>
<tr>
<td>21</td>
<td>+ 8.75</td>
<td>+ 3.273</td>
<td>0.0018</td>
<td>+ 0.04752</td>
<td>+ 0.10068</td>
<td>+ 0.00393</td>
<td>- 0.00010</td>
<td>0.006</td>
<td>20.69</td>
</tr>
<tr>
<td>$\Sigma$</td>
<td>-</td>
<td>2.6572</td>
<td>4</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>2.673</td>
<td>9215.9</td>
</tr>
</tbody>
</table>
Putting these values in the interpolation polynomial (11), we finally obtain the following equation:

\[
\mu_3 = \frac{\sum yx^3}{n} - \frac{3(\sum yx^2)(\sum yx)}{n^2} + \frac{2(\sum yx)^3}{n^3} = 9.469
\]

(19)

\[
\mu_4 = \frac{\sum yx^4}{n} - \frac{4(\sum yx^3)(\sum yx)}{n^2} + \frac{6(\sum yx^2)^2(\sum yx)}{n^3} - \frac{3(\sum yx)^4}{n^4} = 152.081
\]

(20)

\[
\sqrt{\beta_2} = \frac{\mu_2}{\sigma^2} = 0.496
\]

(21)

\[
E = \left(\frac{\mu_4}{\sigma^4} - 3\right) = -0.023
\]

(22)

\[
A_3 = \frac{\sqrt{\beta_2}}{6} = 0.08267
\]

(23)

\[
A_4 = \frac{E}{\sigma^4} = -0.00096
\]

(24)

The calculated values of the distribution of the pinewood by the diameter using the obtained formula are given also in table 1 (penultimate column).

We define quadratic approximation using the following formula:

\[
\overline{y_5} = \frac{9215}{2.673} [\varphi_0(x) + 0.08267 \cdot \varphi_3(x) - 0.00096 \cdot \varphi_4(x)]
\]

(25)

\[
= 3447.81 \cdot \varphi_0(x) + 285.03 \cdot \varphi_3(x) - 3.308 \cdot \varphi_4(x)
\]

The resulting approximation is quite satisfactory.

4. RESUME

This paper showed the basic theory and in a practical way demonstrated why interpolation order and Chebyshev polynomials have fundamental importance for the theory of the distribution function probability and the distribution of computation.

BIBLIOGRAPHY:

SOCIAL AND PSYCHOLOGICAL FACTORS OF COMPREHENSIVE EDUCATIONAL INSTITUTION HEADMASTER PROFESSIONALISM DEVELOPMENT

Syngaivska Iryna¹, Shuldyk Anatolii²
¹KROK University Higher Educational Institution, Kyiv, UKRAINE,  
e-mail: irasing@yandex.ua
²KROK University Higher Educational Institution, Kyiv, UKRAINE,  
e-mail: irasing@yandex.ua

Abstract: The article deals with social and psychological factors of professional progress of secondary school headmasters. It discloses the influence of age, gender and work experience upon the professionalism progress of secondary school headmasters. The article under review describes the restrictions of headmasters of different gender, age and work experience at the executive position which slow up the process of professional development.

Keywords: professionalism, the factors of professional development of secondary school headmasters, professionalism development restrictions.

1. INTRODUCTION

Domestic scientific researches scarcely cover the problem of professionalism structure and various factors influence on its development. New requirements to the professionalism of Comprehensive Educational Institutions headmasters and the contradictions which complicate their implementation prove the necessity to substantiate scientific and psychological principles of headmaster professional progress and its structure development.

The fact that society requires managers with a high level of proficiency constitutes the importance of professionalism investigation. But at the same time all the factors which influence its development are rarely taken into account. Social and psychological factors which influence high-level professionalism development include: 1) the objective factors - psychological demands on the profession, environment, the state of education in the country, region, etc. 2) the subjective factors – the headmasters' abilities as a background to the profession; 3) the objective-subjective factors – temporary factors, that determine irregularity of professional development according to the age, gender, work experience, professional situation.
2. THE ANALYSIS OF RECENT RESEARCHES AND PUBLICATIONS ON THE PROBLEM OF PROFESSIONALISM

During the last decades the problem of professionalism has become the subject of detailed consideration of psychological science (O. Bondarchuk, L. Danilenko, H. Yelnykova, Ye. Klimov, A. Markova, L. Karamushka, I. Syngaivska, O. Fil et al.). From A. Markova’s perspective, a separate direction - professional psychology has been formed, which “identifies conditions and regularities as regards advance to professionalism in a job, changes in human mentality in the process of professional development” [6]. In this meaning professional psychology describes the criteria and levels of professionalism.

The study of the professionalism concept genesis in Ukrainian and foreign researches allowed to state that it characterizes high level of professional performance. The most common definition presented in the explanatory dictionary of the Ukrainian language is the following: professionalism is the process of any profession basics and depth acquisition [2, p. 62]. According to A. Derkach, the process of acmeological reserves implementation is compared to personal and professional development, and its result is the professionalism acquisition [3].

3. THE OBJECTIVES OF THE STUDY

The profound analysis of the scientific researches on the problem of professionalism formation [1, 3, 4, 5, 6, 7] has discovered a difference in this concept understanding as well as the lack of comprehensive understanding of its structure. Also the influence of such factors as age, gender, work experience in the professionalism progress has not been studied in details, as well as possible restrictions in the process of professional development and the ways to cope with them have not been determined.

Taking all these factors into consideration, we set an objective to investigate the influence of various factors on the development of professionalism of secondary school headmasters and to identify the restrictions which hinder the process of this development.

4. PROFESSIONALISM STRUCTURAL AND FUNCTIONAL COMPONENTS

On the basis of psychological literature analysis we consider it appropriate to highlight three structural and functional components in the structure of managerial activity professionalism and fill them up with the correspondent content. Cognitive (Latin cognitio - knowledge) component of managerial activity professionalism is a system of knowledge about the nature, structure, levels of manager professionalism development, about the personality professionalism, activity professionalism and the professional competence. Cognitive component per se includes managerial competence.

Motivational and axiological component of managerial activity professionalism is an inducement of comprehensive school headmaster to professional activity, positive attitude and strong desire to develop managerial activity professionalism. This is a high level of readiness of headmasters to management, an interest in it. This is a professional stand, objectives, professional and axiological orientations, vocation for management, social activity, social optimism etc.
Operational and technological component of the professional management of the comprehensive educational institution headmasters is a set of skills, abilities, techniques and technologies for the professionalism progress guaranteeing. It includes the managerial ability to analyze, plan, forecast, and monitor the educational institution activities.

We researched the factors that belong to the micro-level (gender, age, management experience) and those which influence the development of previously mentioned structural components of headmasters professionalism.

5. THE INFLUENCE OF A HEADMASTER GENDER UPON THE PROFESSIONALISM

According to the comparative analysis of two groups of managers (men-headmasters and women-headmasters), there are statistically significant differences between them (p <0.01, p <0.05) in compliance with certain indicators of professionalism. According to some indicators a group of men is ahead of a group of women, according to other indicators vice versa. Such indicators constitute one-third of all the determined indicators. Thus, after having analyzed the level of knowledge about the cognitive constituent of headmasters professionalism and its components it was determined that men group prevailed in professional competence knowledge – by 1.6%, management effectiveness knowledge – by 13%, management quality knowledge – by 1.8%, professional career knowledge – by 17.1%, professional abilities knowledge – by 2.2%. However, women group enjoys superiority in such areas of knowledge as professionalism – by 0.4% and professional maturity – by 3.2% and professional self-consciousness – by 2.3%.

TAT test has shown that 42.9% of women-headmasters have so-called “sheer hope” for success (the difference between a hope for success and the avoidance or a fear of failure) as compared with male headmasters – 25%. By means of the tests by M. Woodcock and D. Francis (“You are alone”, “The Others”, “Work”) we have examined the deputies of headmasters, teachers, and the heads of Local Educational Authority. Having compared the results of three tests, we have found out the restrictions of both genders, which were ranked by the frequency of their displays. Among the women-leaders (63.6%) the following restrictions have been identified: vague personal values, lack of self-control, lack of the ability to teach, poor skills to form a team, lack of creativity, lack of skills to solve the problems. Among the men-leaders (36.4%) the following restrictions have been identified: vague personal values, lack of self-control, lack of the ability to teach, lack of understanding of their own managerial activity, lack of skills to solve the problems.

As you can see, the leaders of both genders have almost identical restrictions, but they occur with different frequency. Also, for the female group a high level of self-acceptance, sociability, intensity of emotions, empathy and egocentrism is considered to be typically occurring. As for the male group more acute feeling of senseless existence, greater importance of intrinsic motive and the motive of personal potential assessment have appeared to be more typical.

The comparative analysis of the results has showed that there is a great necessity in the optimum balance of a number of men-leaders and women-leaders in secondary educational institutions. If a leader is a man, he should preferably have a woman-deputy and vice versa. As men-leaders pay more attention to unusual ways of solving problems, have more logical rather than emotional approach towards decision-making process, preferring in-
ternal motivation and writhe under senseless existence periods. Women-leaders more often than men rely upon their intuition, are more sociable, have deeper feelings, more often smooth over conflicts, prefer external motivation. Our research has confirmed the data of L.M. Karamushka as regards the fact that men have appeared to be more inclined to creative work, but they should pay more attention to the development of control function, the ability to teach staff and self-control ability. Women are more inclined to perform a standard, reproductive activity in accordance with prescribed instructions, they may patiently perform monotonous, repetitive job, are also inclined to subordinates supervision. Women-leaders should pay more attention to overcome such restrictions as vague personal values, lack of self-control, lack of the ability to teach, low abilities to build a team. Thus, the research results show that gender influences the development of a headmaster professionalism. The received results should be taken into consideration in course of the secondary school management process.

6. THE INFLUENCE OF AGE UPON THE PROFESSIONALISM DEVELOPMENT OF SECONDARY EDUCATIONAL INSTITUTIONS HEADMASTERS

In the process of the research of the age influence upon the development of managers professionalism, we have separated three age groups: 1) from 30 to 40 years; 2) from 41 to 50 years; 3) from 51 to 60 years. With the help of three tests of M. Woodcock and D. Francis the following restrictions of headmasters of all ages have been identified. Table 1 presents the results.

<table>
<thead>
<tr>
<th>The age of a headmaster</th>
<th>A manager (his number)</th>
<th>Personal restrictions corrected by the opinion of other people (deputies, teachers and educational authorities staff).</th>
</tr>
</thead>
<tbody>
<tr>
<td>from 30 to 40 years (11 leaders 25%)</td>
<td>№5 (31 years)</td>
<td>Weak leadership skills, vague personal values, low ability to form a team.</td>
</tr>
<tr>
<td></td>
<td>№16 (40 years old)</td>
<td>Lack of self-control, lack of creative approach, vague personal values.</td>
</tr>
<tr>
<td></td>
<td>№18 (35 years old)</td>
<td>Lack of self-control, lack of creative approach, vague personal values.</td>
</tr>
<tr>
<td></td>
<td>№21 (39 years old)</td>
<td>Lack of teaching skills, poor understanding of their own management, and lack of creative approach.</td>
</tr>
<tr>
<td></td>
<td>№23 (31 years old)</td>
<td>Lack of ability to influence people, poor understanding of a personal managerial activity, lack of skills to solve problems.</td>
</tr>
<tr>
<td></td>
<td>№27 (31 years old)</td>
<td>Lack of self-control, lack of creative approach, lack of skills to solve problems.</td>
</tr>
<tr>
<td></td>
<td>№31 (38 years old)</td>
<td>Lack of self-control, lack of creative approach, lack of skills to solve problems.</td>
</tr>
<tr>
<td></td>
<td>№32 (37 years old)</td>
<td>Lack of ability to influence people, vague personal values, lack of skills to solve problems.</td>
</tr>
<tr>
<td>№</td>
<td>Age</td>
<td>Problems</td>
</tr>
<tr>
<td>-----</td>
<td>---------</td>
<td>--------------------------------------------------------------------------</td>
</tr>
<tr>
<td>36</td>
<td>33 years old</td>
<td>Lack of skills to solve problems, poor understanding of personal managerial activity, poor leadership skills.</td>
</tr>
<tr>
<td>40</td>
<td>38 years old</td>
<td>Lack of skills to solve problems, lack of self-control, poor understanding of personal managerial activity.</td>
</tr>
<tr>
<td>43</td>
<td>40 years old</td>
<td>Poor understanding of personal managerial activity, lack of creativity, lack of teaching skills.</td>
</tr>
<tr>
<td>41</td>
<td>43 years old</td>
<td>Lack of skills to teach, lack of self-control, lack of ability to influence people.</td>
</tr>
<tr>
<td>2</td>
<td>43 years old</td>
<td>Lack of skills to teach, vague personal values, low ability to form a team.</td>
</tr>
<tr>
<td>3</td>
<td>43 years old</td>
<td>Lack of creative approach, lack of self-control, lack of ability to influence people.</td>
</tr>
<tr>
<td>4</td>
<td>43 years old</td>
<td>Low ability to form a team, lack of teaching skills, poor leadership skills.</td>
</tr>
<tr>
<td>7</td>
<td>45 years old</td>
<td>Lack of ability to influence people, low ability to form a team, weak leadership skills.</td>
</tr>
<tr>
<td>8</td>
<td>41 years old</td>
<td>Lack of skills to solve problems, vague personal values, lack of self-control.</td>
</tr>
<tr>
<td>9</td>
<td>42 years old</td>
<td>Low ability to form a team, lack of ability to teach, vague personal values.</td>
</tr>
<tr>
<td>10</td>
<td>44 years old</td>
<td>Vague personal values, lack of teaching skills, lack of skills to solve problems.</td>
</tr>
<tr>
<td>12</td>
<td>45 years old</td>
<td>Lack of ability to form a team, lack of teaching skills.</td>
</tr>
<tr>
<td>13</td>
<td>48 years old</td>
<td>Lack of ability to form a team, vague personal values, inability to influence people.</td>
</tr>
<tr>
<td>15</td>
<td>46 years old</td>
<td>Vague personal values, low ability to form a team, lack of teaching skills.</td>
</tr>
<tr>
<td>17</td>
<td>50 years old</td>
<td>Lack of self-control, lack of skills to solve problems, vague personal values.</td>
</tr>
<tr>
<td>19</td>
<td>45 years old</td>
<td>Unclear personal goals, lack of self-control, lack of creative approach.</td>
</tr>
<tr>
<td>20</td>
<td>48 years old</td>
<td>Vague personal values, stopped self-development, lack of creative approach.</td>
</tr>
<tr>
<td>24</td>
<td>41 years old</td>
<td>Lack of ability to teach, lack of creative approach, poor understanding of a personal managerial activity.</td>
</tr>
<tr>
<td>28</td>
<td>41 years old</td>
<td>Lack of self-control, lack of creative approach, lack of ability to influence other people.</td>
</tr>
<tr>
<td>33</td>
<td>44 years old</td>
<td>Lack of skills to solve problems, poor understanding of a personal managerial activity, lack of ability to influence people.</td>
</tr>
<tr>
<td>38</td>
<td>47 years old</td>
<td>Lack of creative approach, lack of ability to teach, lack of self-control.</td>
</tr>
<tr>
<td>41</td>
<td>39 years old</td>
<td>Low ability to form a team, poor understanding of a personal managerial activity, lack of skills to solve problems.</td>
</tr>
<tr>
<td>Headmaster Number</td>
<td>Age Group</td>
<td>Social and Psychological Factors</td>
</tr>
<tr>
<td>-------------------</td>
<td>-----------</td>
<td>----------------------------------</td>
</tr>
<tr>
<td>№42 (50 years old)</td>
<td>Unclear personal goals, low ability to form a team, lack of self-control.</td>
<td></td>
</tr>
<tr>
<td>№44 (49 years old)</td>
<td>Vague personal values, poor understanding of a personal managerial activity, lack of skills to solve problems.</td>
<td></td>
</tr>
</tbody>
</table>

From 51 to 60 years (12 headmasters - 27.3%)

| №6 (51 years old) | Lack of teaching skills, low ability to form a team, lack of self-control. |
| №11 (54 years old) | Low ability to form a team, lack of teaching skills, poor understanding of a personal managerial activity. |
| №14 (51 years old) | Low ability to form a team, poor understanding of a personal managerial activity, vague personal values, lack of skills to solve problems. |
| №22 (52 years old) | Lack of self-control, stopped self-development, poor understanding of a personal managerial activity. |
| №25 (55 years old) | Lack of self-control, stopped self-development, poor understanding of a personal managerial activity. |
| №26 (54 years old) | Lack of creative approach, poor understanding of a personal managerial activity, unclear personal goals. |
| №29 (52 years old) | Lack of skills to solve problems, vague personal values, low ability to form a team. |
| №30 (54 years old) | Lack of self-control, lack of teaching skills, vague personal values. |
| №34 (51 years old) | Vague personal values, lack of self-control, stopped self-development. |
| №35 (53 years old) | Lack of skills to solve problems, stopped self-development, lack of creative approach. |
| №37 (60 years old) | Unclear personal goals, stopped self-development, lack of creative approach. |
| №39 (60 years old) | Vague personal values, lack of skills to solve problems, lack of self-control. |

Thus, such restrictions are the most common among the representatives of secondary school management staff:  
From 30 to 40 years (11 headmasters - 25%) - lack of creativity, vague personal values, lack of self-control, poor understanding of a personal managerial activity, lack of skills to solve problems;  
From 41 to 50 years (21 headmasters - 47.7%) – lack of teaching skills, vague personal values, low ability to form a team, lack of self-control, lack of skills to solve problems, lack of ability to influence people, lack of creative approach etc.  
From 51 to 60 years (12 headmasters - 27.3%) - lack of self-control, vague personal values, poor understanding of a personal managerial activity, stopped self-development, low ability to form a team, lack of teaching skills.  
Among three age groups of secondary school headmasters such restrictions as vague personal values and lack of self-control are common.
The comparison of the values of leaders aged from 30 to 40 years (working experience is up to 5 years) and of leaders aged from 41 to 50 years (working experience is from 6 to 10 years) has shown that the acquisition of social experience, practical skills influences the level of importance of such values as social prestige and recognition availability (39.5% of managers under 40 preferred this value against 61.4% of managers aged from 41 to 50 years), possibility of self-development, self-improvement (54.8% and 73.2% respectively), creative managerial activity (37.4% and 52.7% respectively). The instrumental value of executive discipline, responsibility, implacability on own disadvantages and on those of one's subordinates rises while self-control values and free time availability declines.

We have found out that while secondary school managers are getting older, their hope for success is dropping. According to the age factor, the hope for success typical for 45.5% of managers aged from 30 to 40 years, for 47.6% of managers aged from 41 to 50 years and the hope for success is dropping significantly among 6.7% of managers aged from 51 to 60 years.

The comparative analysis has shown that secondary school headmasters aged from 41 to 50 years leave behind managers of other age groups regarding a large number of professionalism indicators. In particular, compared with other age groups managers, they have a higher managerial competence, achieve high positive results in the managerial activity and have a high level of professional and personal maturity. They demonstrate creativity while solving managerial problems, understand their values and goals, are able to make successful decisions, tend to moderate risk and are passionate about their managerial activities. The managers of this age think systematically, seek to cover all aspects of the problem and all the factors that influence it, combining the advantages of experience with original, innovative methods of management, react quickly to changing situations in educational institution management. They have a great opportunity for self-improvement. They associate professionalism with excellence, efficiency, staff development, creativity and innovations.

It is worth saying, that headmasters under 40 also have signs of a successful managerial activity. They are positive about the development of their professionalism, are confident of success, prone to risk, responsible. Headmasters aged 50 and older do not need public authority and recognition, have more stereotyped ideation, reduced desire to succeed, reduced level of risk in the decision-making process. They associate professionalism with skills, freedom.

But, regardless of age all managers should pay attention to such limitations overcoming as vague personal values and lack of self-control.

In general, the researches show that the age influences the main components of professionalism development. The most productive age for the managers professionalism development is from 40 to 55 years.

7. THE INFLUENCE OF MANAGERIAL ACTIVITY EXPERIENCE OF COMPREHENSIVE EDUCATIONAL INSTITUTIONS HEADMASTERS ON THEIR PROFESSIONALISM DEVELOPMENT

With the help of M. Woodcock and D. Frencis tests we have found out restrictions of secondary school headmasters with different managerial activity experience.
Table 2: The rate of secondary school headmasters restrictions

<table>
<thead>
<tr>
<th>№</th>
<th>Secondary school headmasters restrictions</th>
<th>The rate of restrictions of SS headmasters (total - 122)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Lack of self-control</td>
<td>18 (14,7% )</td>
</tr>
<tr>
<td>2</td>
<td>Vague personal values</td>
<td>18 (14,7% )</td>
</tr>
<tr>
<td>3</td>
<td>Vague personal goals</td>
<td>4 (3,3% )</td>
</tr>
<tr>
<td>4</td>
<td>Stopped self-development</td>
<td>6 (4,9% )</td>
</tr>
<tr>
<td>5</td>
<td>Lack of skills to solve problems</td>
<td>15 (12,3% )</td>
</tr>
<tr>
<td>6</td>
<td>Lack of creative approach</td>
<td>14 (11,5% )</td>
</tr>
<tr>
<td>7</td>
<td>Lack of ability to influence people</td>
<td>8 (6,6% )</td>
</tr>
<tr>
<td>8</td>
<td>Poor managerial activity understanding</td>
<td>13 (10,7% )</td>
</tr>
<tr>
<td>9</td>
<td>Lack of teaching skills</td>
<td>10 (8,2% )</td>
</tr>
<tr>
<td>10</td>
<td>Weak leadership skills</td>
<td>4 (3,3% )</td>
</tr>
<tr>
<td>11</td>
<td>Low ability to form a team</td>
<td>12 (9,8% )</td>
</tr>
</tbody>
</table>

Thus, the managers with 1 to 5 years of experience (32 managers - 36.4%) have the following restrictions: low ability to form a team, lack of teaching skills, weak leadership skills, vague personal values, lack of skills to solve problems, lack of self-control, lack of creative approach.

The restrictions of the managers with 6 to 10 years of experience (26 managers - 29.5%) are as follows: lack of teaching skills, low ability to form a group, lack of creative approach, poor managerial activity understanding, lack of self-control.

The managers with 11 to 15 years of experience (10 managers - 11.4%) have such restrictions: lack of self-control, vague personal values, lack of skills to solve problems.

The managers with 16 to 20 years of experience (12 managers - 13.6%) have the following restrictions: lack of teach skills, low ability to form a group, lack of self-control, vague personal values.

The managers with 21 to 25 years of working experience (8 managers - 9.1%): vague personal values, stopped self-development, lack of creative approach.

As one can see, with the growth of working experience the amount of restrictions on the way to professionalism development is dropping. Regardless of the managerial experience secondary school headmasters should pay attention to the overcoming of such restrictions as lack of self-control and vague personal values, the rate of which is the highest.

Using TAT techniques we have found out that the so-called „sheer hope” for success is typical for only 25% of managers with the experience of 5 years, for 53.8% of managers with the experience from 6 to 10 years, for 60% of managers with the experience of 11 to 15 years, for 20% of leaders with the experience of 16 to 20 years and 50% of managers with the experience of 21 to 25 years have no hope for success. As one can see while working experience increases the hope for success decreases.

Using standardized methods test by Ye. Z. Zharikova, the following peculiarities of secondary school headmasters (with different working experience) ideation have been identified:

- the headmasters up to 5 years of experience show a lack of initiative, antinomy, efficiency and ability to give tasks to subordinates. But they demonstrate weak orderliness, not always see the distinction between an opinion and a fact and do not see difficulties in course of solving the problems;
- the headmasters with 6 to 10 years of experience have a problem-oriented idea-
tion, deeply consider the subject of study taking into account all the factors which
influence it. They predict the consequences of their own decisions, are inertia-free,
executive;
- the headmasters with 11 to 25 years of experience apply their knowledge accord-
ing to business necessity regardless of the task availability or absence. They show
lack of initiative, inertia of thinking. They are also inclined to stereotyped ideation
what means that cognition, perception and evaluation of a subordinate is based on
personal experience. That enables them to reduce the time for managerial situation
clarification and reaction, but conclusions drawn under such circumstances may
be wrong, incomplete and subjective and result in inadequate actions. Extremely
dangerous obsolete ideation stereotypes are blocking the perception of new ideas.
The part of the secondary school headmasters has difficulty in making effective decisions
and effective problem solving:
- the headmasters with up to 5 years of experience do not involve the staff in making
important decisions, do not always take the responsibility for making important
decisions, make decisions which are not always good for the team, decisions are
made quickly, often without proper consideration;
- the headmasters with working experience from 6 to 15 years involve the staff in
the decision-making process, do not always assume responsibility for important
decision making, le for making a decision, make decisions quickly and easily, using
modern techniques;
- the headmasters with 16 to 25 years of experience involve the staff in the important
decisions making, assume the responsibility for decision-making process, decisions
are not always good for the team, decisions are made deliberately, slowly, there is a
tendency to stereotypes.
The comparative analysis of headmasters with different managerial experience has shown
that there are statistically significant differences (p <0.01, p <0.05) among them by certain
components of professionalism. According to the results of the research all the managers
regardless of managerial experience have the following restrictions: vague personal values,
low ability to form a team, lack of teaching skills. The managers with 5 years of experience
and with more than 21 years of experience suffer from the lack of creative approach. The
greatest hope for success is typical for the managers with the experience from 11 to 15
years, and the lowest one for managers with the experience of more than 21 years.
The most optimal features of thinking are shown by managers with 6 to 15 years of experi-
ence. They have problem-oriented ideation, deeply consider the subject of study taking
into account all the factors which influence it, predict the consequences of taken decisions
and are inertia-free, executive. After 21 years of working experience managers display
fixedness and persistence.
8. RESUME
1. We have found out that it is necessary to consider the age of managers for the develop-
ment of professionalism components. The most productive age for the development of
professionalism is from 41 to 50 years.
2. Gender differences in management influence the efficiency of the activity. The develop-
ment of professionalism of women-headmasters is positively influenced by such features
as communication, depth of emotions, tendency to a consecutive control, accuracy in performing the tasks, including reproductive ones. As for the male-headmasters professionalism development, we should take into consideration their non-standard thinking, creativity in making decisions and solving problems, their logical thinking.

3. The experience of management from 6 to 15 years most effectively influences the development of professionalism. After 20 years of experience the key components of manager professionalism slow down.

BIBLIOGRAPHY:

PRINCIPLE OF CUSTODY RESTRICTIVENESS AGAINST JUVENILES - INTERNATIONAL AND DOMESTIC LEGAL STANDARDS

Ukić Nihad¹, Muratović Minela²
¹Primary school „Jošanica“ Lukare, Lukare, Novi Pazar, SERBIA, e-mail: nihad.ukicc@gmail.com
²High school Novi Pazar, Novi Pazar, SERBIA, e-mail: nihad.ukicc@gmail.com

Abstract: In the catalog of human rights, the right to liberty and security takes a particularly important place, so it is a prerequisite for the realization of other human rights, and as such was included on a number of international instruments (conventions, declarations, conventions, and covenants), constitution and the laws of democratic states. Custody, as the most serious measure that ensures the presence of the defendant, which limits the right to freedom, is always in the center of attention when it comes to protecting the rights and freedoms of the person against whom the criminal proceedings is conducting, which is especially strong, when it comes to juvenile against whom criminal proceedings on suspicion of committing the offense is ongoing, which the criminal code defines as a criminal offense. The authors analyze the most important provisions of international documents on human rights, regarding the restrictive detention of juveniles, as well as the provisions of the Juvenile Offender Law and Criminal law protection of minors of the Republic of Serbia, with emphasis on the relationship of law and analyzed international documents, regarding the detention restrictiveness toward the juveniles and their mutual alignment.

Keywords: custody, juvenile, international documents, law

1. INTRODUCTION

Life and freedom are the main determinant for the existence of a man. However, the right to liberty, although it is the basic human right it is not absolute, but is subject to certain conditions. Namely, precisely because it cannot be absolute, that is true and real object of protection of the state and its legal system. Although human rights are inalienable and cannot be taken away from anyone, it does not mean they can never be restricted or denied. This means that when the right is expressed in the form of legal norms, the boundaries of law must be determined. For example, legal provision that the person may be arrested or detained may limit the right to liberty of a person.

Custody, as a measure of the presence of the suspect or the accused in the proceedings and the successful conduct of criminal proceedings, is the most difficult measure of procedural coercion, which consists in taking away of a basic human right to freedom. It is a
coercive measure, with clearly defined process goal, rather than criminal sanctions (fines) against a minor, whose determination should be accessed only then, if other measures could not secure the presence of the defendant.¹ Due to the fact that the imposition of custody limits the right to freedom, to the authors analyzed the most important international human rights instruments, in order to identify provisions which encompass excellence in the application of custody of minors in criminal proceedings, the use of alternative measures of custody, determine the content and character of such excellence, and regulations governing the issue of custody restrictiveness of minors in the Republic of Serbia, as well as their compliance with international human rights documents.

2. THE BASIC INTERNATIONAL STANDARDS OF CUSTODY RESTRICTIVENESS PRINCIPLE

Custody as a measure to secure the presence of the defendant is envisaged by international documents.

United Nations Standard Minimum Rules for the Administration of Juvenile Justice (the Beijing Rules)² defines custody as a last resort (awaiting trial), which should be reduced to the shortest possible duration (paragraph 13.1), in an effort to get the same, whenever possible, substitute alternative measures (paragraph 13.2).³ This is an option, as the last resort to ensure the presence of a juvenile during the process, which emphasizes that custody should be as short as possible, and that it can be replaced by other measures. The manner in which these provisions defining custody, indicates the need to carefully consider the justification of its pronouncement in each case, and highlights the possibility of replacement with alternative measures of custody, suggesting that to the danger of “criminal contamination” was appreciated that threatens minors during their stay in pretrial custody.

In terms of custody, the provisions of paragraph 17.1 (b, c) of the Beijing Rules are significant which impose obligations to competent authorities to make a decision on limiting personal freedoms adopted after careful consideration of the case and that the deprivation of liberty shall not be imposed unless a juvenile is convicted of a serious offense involving violence against another person or exhibit persistence in committing other serious offenses and in cases where there is no other appropriate response. These provisions of the Beijing Rules emphasizes the assistance in relation to the pressure and punishment of juveniles, respond to the particular circumstances of the individual case versus reaction consistent with the protection of society in general. This does suggest that the approach of strict punishment is appropriate, that in the case of adults and in the case of serious offenses by juvenile, may be regarded that sanctions as a function of reprisal have some justification, but in juvenile cases, such arguments should always be overridden by the interest of ensuring well-being and future of young people. The rule contained in Section 17.1 (v) is intended to avoid the imprisonment of the minor, unless there is no other appropriate response that would protect public safety.

² *Standardna minimalna pravila Ujedinjenih nacija za maloletničko pravosuđe* (Pekinška pravila), Rezolucija 40/33 Generalne skupštine Ujedinjenih nacija od 29. novembra 1985. godine
³ Such as: strict supervision, intensive care, putting in foster families, education or similar institutions
 Custody restrictiveness is contained in Article 5 (right to liberty and security) of The European Court of Human Rights (European Convention) that guarantees the right to liberty and security of person, but provides for cases of deprivation of liberty, among others (...) in case of putting minor under the custody for the purpose of educational supervision or its lawful detention for the purpose of bringing the juvenile before the competent authority. Regarding the status of minors in criminal proceedings, Beijing Rules provide greater protection of minors with regard to the custody, life and replace it with the same or other measures, but it is defined by the European Convention - which emphasizes the legality of custody, and the Beijing Rules emphasizes justification (last resort) of custody imposition, its replacement with usually milder measures, to avoid the danger of pretrial confinement trial, and assistance as opposed to punishment.

Other international documents pay more attention to the legality of the custody, its denial with respect to its restrictiveness. The provisions of Article 7 (1) (2) (3) of the American Convention on Human Rights (Chapter: The right to personal liberty) provides that everyone has the right to liberty and security, that no one shall be deprived of its freedom except for reasons and conditions determined in advance by the constitution or by law, enacted pursuant to the constitution, and that no one shall be subjected to arbitrary arrest or imprisonment. Nearly identical words are contained in Article 25 (XXV - Chapter One - Rights) of the American Declaration of the Rights and Duties of Man, in the sense that no one can be deprived of its liberty except in the cases and in the procedure established by the existing law. Nothing substantial, in terms of restriction of custody, was not provided by the African Charter on Human and Peoples' Rights, which in Article 6 (Chapter I: Human and Peoples' Rights) contains a general formulation, in a way, that everyone has the right to liberty and security that no one shall be deprived of its freedom except for reasons and conditions previously laid down by law, and in particular that no one may be arbitrarily arrested or imprisoned. In the context of international documents of regional character, the International Covenant on Civil and Political Rights in Article 9 contains provisions guaranteeing individual liberty and security provisions stipulating that a person may be deprived of its life in accordance with the law and procedure prescribed by law, and other rights, similar to the above documents, which guarantees the right of the lawfulness of the detention, challenging the grounds for custody, and the need for the custody by an independent and impartial tribunal. On the other hand, the aforementioned documents does not touch the question of imposition of custody, when there are statutory reasons, nor there is an alternative to imposing custody, and there are no specific provisions regarding the imposition of custody for minors. In fact, it is not possible to identify the rules in these documents clearly under which the custody is only an exceptional meas-

---

4 The term used by the Amnesty International
5 The European Convention for the Protection of Human Rights and Fundamental Freedoms signed in Rome November 1950, entered into force in 1953
6 American Convention (Article 7); American Declaration (Article XXV), the African Charter (Article 6), the International Covenant on Civil and Political Rights (9). American Convention on human rights was passed in 1969, and entered the force in July 1978.
7 American Convention on human rights, was passed in 1969, and entered the force in July 1978
8 The American Declaration of the Rights and Duties of man, passed in 1948
10 International Covenant on Civil and Political Rights was passed by the General Assembly of the UN in 1966. and entered into force in 1976
ure in ensuring the presence of the defendant and that it should be determined only when it is only necessary, not for the application of alternative measures to ensure the presence of the defendant, that would contribute to the reduction of custody. For these reasons, the provisions of these documents are not in the spirit of the Beijing Rules and the Convention in terms of restriction of custody in general, or to minors.

3. THE PRINCIPLE OF CUSTODY RESTRICTIVENESS FOR JUVENILES IN THE LEGAL SYSTEM OF THE REPUBLIC OF SERBIA

The Law on Juvenile Offenders envisages putting minors under the custody and Criminal Protection of Minors (Article 67), as a subsidiary measure to secure the presence of a minor defendant in a criminal proceeding, if the process objectives cannot be achieved by a measure of temporary accommodation of minors. Custody is determined by the decision of the juvenile judge, and based on decisions taken by the juvenile chamber, the custody may be extended if there are justifiable reasons. Regarding the grounds for custody, the Law on Juvenile Offenders and Criminal Protection of Minors (Article 67, paragraph 1) provides for the application of the basis provided for in Article 142 of the Criminal Procedure Code.

In relation to the above mentioned international documents, the provisions of the Law on Juvenile Offenders and Criminal Protection of Minors, relating to custody, makes it to a certain extent more advanced with respect to these documents, as specifically provided excellence in the administration and instead of incarceration may specify a measure of temporary accommodation of minors, if the purpose of the detention can be achieved by this measure, which bringing it closer to the Beijing Rules (paragraph 13.2).

4. CONCLUSION

International documents on human rights, according to the opinion of the author, except the Beijing Rules and the European Convention does not contain provisions seen custody as a last resort, to be used only in exceptional cases where the presence of the defendant or a minor cannot otherwise be provided in criminal proceedings. In addition, most of these documents have no special provisions to ensure exceptional nature of putting juveniles under the custody and to highlight the need

In each case, the implementation of juvenile or other alternative measure is justified, rather than to opt for imprisonment, and thus provides a measure of restricting freedom. As far as the provisions of the Juvenile Offenders and Criminal Protection of Minors, on the issue of restrictive custody in relation to minors, they comply with major international standards (contained in the Beijing Rules and the provisions of the European Convention) which regulate the imposition of custody for minors in criminal proceedings.

BIBLIOGRAPHY:


ETHICAL AND MORAL DUTY AND RESPONSIBILITY IN BUSINESS

Vujić Vidoje¹, Radosavljević Dragana², Panagopoulos Alexios³
¹University of Rijeka - Faculty of Tourism and Hospitality, Opatija, CROATIA, e-mail: vvujic@fthm.hr,
²Faculty for Education of the Executives, Novi Sad, SERBIA, e-mail: dragana.radosavljevic@fpsp.edu.rs,
³National College, Patras, GREECE, e-mail: alexios.panagopoulos@yahoo.com

Abstract: Every business relationship has a significant impact on the level of fear and trust in people around the world. Behavior at work can affect the relationship between the nation and the prosperity and well-being of all of us. Business is often the first contact between business leaders and nations. With the development of science and technology, introducing new methods and moral responsibility in business relationships. Along with the great social and structural changes - political, economic, technological, social and cultural - amended are also the moral values of society. It is no longer a question of what man can and will do, but of what he should, must and must not do. This paper reflects on the subjects and objects of the crisis of morality and responsible conduct in business. We examine the ethical and moral principles analyze the social responsibility and duty and their connection without which it is not possible to build good business relations and sustainable development.

Keywords: business responsibility, moral duty, ethical principles, leaders and managers.

1. INTRODUCTION

Day in, day out we are witnessing that moral norms are not equal in all destinations and business systems. Morality as a set of rules in practice is an active man's design and evaluation of human actions right or wrong. Unlike morality, ethics discovers, identifies, systematize, states and criticizes the actions of individuals or groups. It defines them as right or wrong, morally acceptable or unacceptable. Social and technological development has led to questions of human existence on Earth, although almost all modern laws and other legal sources in most states guarantee freedom and equality of people. We are witnesses to the coming crisis: family and kinship relations, business relations, the relationship of man - man; man - a community or society; man - nature (flora and fauna). Man thinks he is becoming god? Every day more and more we encounter extremely dangerous phenomena of today - dehumanization of society and refusal to take into consideration general human, as well as moral and ethical values.

Social stratification and the growing gap between rich and poor is reflected in the knowledge that the disappearing middle class. Almost 20% of the population has 80% of global
wealth. There is still a large percentage of illiteracy, unemployment, indebtedness, migration and poor citizens. The relative poverty line is variable, since it used to be a luxury (phone, ...), has not. Absolutely poor are those individuals whose income or earnings are not sufficient in a given time period (month, year) to meet the minimum needs (food, clothing, housing). Social stratification contributes significantly to the unethical and irresponsible behavior of all the structures of society, and particularly of managers and entrepreneurs.

Increasingly we are witnessing that most businesses today are taking robots and automated machines that do not have the awareness, attention, emotions and intellect that man possesses. New technologies, especially the Internet, enabling a broad awareness of employees, customers and other stakeholders, which further binds every citizen to managers and continuous professional development and innovation of knowledge. But only knowledge without conscience is immoral and irresponsible behavior of managers, and thus a threat to the environment and sustainable development. Conscience of a manager is useless without knowledge. Therefore, the basic conditions and criteria for the operation, sustainable development and competitiveness becomes knowledge and morally responsible behavior by all stakeholders in the enterprise.

2. SUBJECT AND OBJECTS OF MORALITY CRISIS AND BUSINESS RESPONSIBILITY

A large number of authors and research negates the beliefs of those who claim to be ethical business and business are excluded. [1] Many authors and entrepreneurs stand to promote business ethics, business and every business man ensures operational excellence. Author Borna Bebek points out that business ethics is a hybrid that combines financial success and moral dimension to business with a view to obtaining benefits for himself and others in a way that jobs conceptualize, negotiate, negotiate and perform in simultaneous harmony with the spiritual, social, biological and natural the laws of man and his environment.[2] Authors Gordon and Trevino define business ethics as a set of moral rules and values that influence and direct the behavior of individuals and groups in relation to something that is good or bad in the management and decision-making. [3] Crane and Matten believe that business ethics deals with business situations, activities and decision-making processes from the perspective of right and wrong. [4] Ashton and Orme add that being ethical means to take action that will ensure responsible behavior among individuals and groups, and the application of rules and ethical principles in everyday business situations. [5] The authors of Funky Business, Nordstrom and Ridderstrale, state that ethics must be present in all the stakeholders in the enterprise and must be applied everywhere and constantly. One can not be partly ethical or ethical only when it suits him. Ethics is a very competitive tool that we can use to attract new employees and customers. [6]

Business responsibility as a concept originated in legal science - as a responsibility to the charges before the court. The ratio court - the individual is not hierarchical but reciprocal. From the Roman law concept of responsibility moved to the religion. Here we have a responsibility before God. From religion the concept spread to the philosophy and ethics. The elements of the concept of responsibility are:

1. entity - the perpetrator, he is responsible for his (lack of) work (ing); He must be able to (mentally; sane) at his actions and know the consequences. He must be
responsible for the action. Often, however, the subject is in the so-called. border situations and dilemmas. The subject can not be held responsible for something that is not their area of operation, over which it has no power.

2. object - the offense committed as a result of the action.

3. instance or institution to whom we are accountable (God, the court, the nature of the public).

4. facts and the criteria upon which one can get sued - applicable laws or unwritten rules (customs).

Today we live in a global world, which presents us with many challenges. The foundations of ethics are in a serious crisis. The crisis had to occur at all levels and in all structures of society, so we are talking about a crisis of general, professional and business ethics. Kant’s philosophical questions What should I know? What should I do? What may I hope? try to answer the philosophical question of what is a man as a moral being. All these questions, in our opinion, shape the business ethic in which we have the following subjects: individuals, legal persons, processes and work environment.

1. Individual as an individual entity is the subject of ethics because his identity stems from relationships with other people. He is guided by the power of faith, the power of reason, ethics and social teaching of the church and its understanding of a man who realizes benefits in such a way that they do not hurt his neighbors, nor do they harm others, and he should always behave morally.

2. Legal person or company or institution, is also the subject of ethics. Legal persons are engaged in permitted activities which offer market products and services under certain pre-agreed conditions. Legal entity in it is operations implement ethical standards and responds to employees, shareholders, customers, suppliers, and their natural and social environment as a whole.

3. Corporate culture and work processes as the subjects of ethics consist of individuals, objects, tools and working conditions and the procedures and operations which are regulated by various laws and internal regulations. Each employee separately and all the staff together bear the professional moral responsibility for achieving the goals and purposes of the legal person. It is, therefore, a process of team ethics as the sum of personal and collective goals and missions within a particular business.

4. Environment as the subject of ethics makes nature, then regional and local governments, and all individuals, legal persons and their work processes, and other entities that are accountable to the community as a whole. Likewise, society as such is morally responsible to natural or legal person.

All four designated entities form business ethics and are responsible both individually and collectively to the society as a whole.

3. GENERAL MORAL PRINCIPLES OF MANAGING BUSINESS SYSTEMS

The economic theory of morality or ‘moral capitalism’ is represented by Stephen Yung and his followers who emphasize the use of mediation and private interests for the common good. Without trust, the market will not survive. The free market is developing moral behavior between buyers, sellers and manufacturers. In this development exists
‘morality’ as the sum of the technical rules that govern the action of a business entity and a moralistic rhetoric that conceals business entity that excludes moral of the business. [11] Where cheating is prevalent, mistrust and broken promises, the market is shrinking and reduces the exchange of goods. ‘Only retailers who gain a reputation of fair dealing may increase their customer base. Only they can borrow money or to trade in goods under various conditions. Immoral and irresponsible people will eventually be forced out of the market because people do not accept their irresponsible behavior.’ [10], leading to the development of society and moral principles. General commercial and moral principles are:

- freedom,
- rule of Law,
- competitiveness,
- reliable institutional framework,
- respect for national identity.

General principles of entrepreneurship based on competitiveness, the rule of law, respect for human rights. In the modern concept of a market economy managers and entrepreneurs should:

- respect the national identity, freedom and the rule of law
- apply ideas and innovation in business
- standardize and improve their product and behavior
- shape the processes and tools for change
- innovate knowledge of its employees
- adapt activity to global changes
- increase the quality of their products
- explore and create new markets
- achieve business excellence.

Business systems play an important role in improving the lives of all its customers, employees and stakeholders by sharing with them the wealth they have created. Suppliers and other stakeholders also expect the business system compliance with their obligations in a spirit of honesty and fairness. As responsible citizens of the local, national, regional and global communities in which we operate, operating systems play an important role in shaping the future of these communities. In addition to the general principles of business relations leaders and managers are responsible for the implementation of various norms, legal sources and political criteria. Political, business and legal criteria in the European Union are:

1. Political criteria (Copenhagen Criteria): democracy, rule of Law, respect for human rights, respect for minority rights, acceptance of the policy objectives of the EU;
2. Business criteria (Copenhagen Criteria): the existence of effective market economy, the ability of market factors to cope with competitive pressure and market forces within the EU;
3. Legal criteria (Copenhagen Criteria): adoption of the entire acquis of the Union;
4. Administrative criteria (Madrid criteria): strengthening administrative capacity, efficient state administration.

In addition to the political, entrepreneurial and legal criteria Caux Round Table members point out that it is important first to edit their own home and try to determine what is right, not who is right. Organization Caux Round Table believes that the world business commu-
Community should play an important role in improving economic and social conditions. [12] The organization of the sums of the UN in Copenhagen in 1994. was presented by the International Code of good practice in which moral principles rooted in two basic ethical ideals:

- human dignity refers to the sacredness or value of each person as an end and not merely as a means to fulfill the intentions of others, and not what they prescribe most.
- to live and work for the common good, enabling the coexistence of cooperation and mutual prosperity through a healthy and fair game.

In the realization of these values and ethical ideals of business systems in their daily work apply the following ethical principles:

1. The principle of business and social impact of companies: Companies that are established in order to build, manufacture or sell should also contribute to social progress by creating manufacturing jobs and helping to strengthen the purchasing power of their citizens. Each operating system should contribute to human rights, education, welfare and reviving the environment and the country in which they operate. Operating system should also contribute to the economic and social development not only of the countries in which they operate, but also in the world community at large, through effective and prudent use of resources, free and fair competition with an emphasis on reliability and quality of work, safety, technology, production methods, marketing and communications.

2. The principle of responsible behavior in business. This principle is directed by a spirit of trust. By accepting the legitimacy of trade secrets, businesses should recognize that sincerity, candor, truthfulness, keeping promises, and transparency contribute not only to their own credibility and stability, but also the smooth and efficient business transactions, particularly at the international level.

3. The principle of respect for legal principles implies a fair and equitable treatment of all the participants. Companies should respect international and domestic rules. In addition, you should realize that some behaviors, even if legal, may still have adverse consequences. Legal sources undertake any business system to the application of various multilateral agreements on tariffs and trade, while respecting the objectives of national policy.

4. The principle of reserving the environment. Each operating system and individual should protect and, wherever possible, enhance the environment, promote sustainable development and prevent wasteful spending of natural resources and energy.

5. The principle of avoiding unlawful acts. Employees, citizens, and especially the leaders and managers in business systems should not participate in the taking or offering bribes, money laundering, illegal trade in arms, drugs or other materials used for terrorist activities or other forms of organized crime. On the contrary, they need to curb such practices and in collaboration with others prevent unethical practices.

In addition to the outlined principles, in quality economic practice there are principles relating to customers, associates and employees, owners, investors, suppliers, public authorities and other stakeholders in business relationships.

Customers and users of our products and services deserve our professional and dignified attitude, no matter what you buy our products and services directly from us or by any other means acquire on the market. Therefore, it is our duty and responsibility to:
• provide our customers the highest quality of products and services in accordance with their requirements;
• treat our customers fairly in all aspects of our business, including a high level of service and ability to provide assistance in case of dissatisfaction;
• do everything we can to provide our products and services ensure the maintenance or improvement of the health and safety of our customers and the quality of their environment;
• ensure respect for human dignity in the products, marketing and advertising, and respect the integrity of the culture of our customers.

Interests of associates and employees are respected and valued. Our responsibility is to:
• provide jobs and improve working and living conditions of workers;
• Be honest in communications with employees and open in sharing information, with the only limitations being those legal and competitive ones;
• listen to proposals, suggestions, requests and complaints of employees and, where possible, to respond to them;
• negotiate in good faith when conflict arises,
• avoid discrimination and ensure equal treatment and opportunity regardless of gender, age, race, and religion;
• to promote, within the company, the employment of people with different abilities in the workplace where they can be really useful;
• protect employees from injury and illness in the workplace that can be avoided;
• encourage employees and assist them in developing the necessary and transferable skills and knowledge;
• be sensitive to the serious unemployment problems that are often associated with business decisions; cooperate with the state, groups of employees, other agencies and other enterprises to solve these transfers.

Owners and investors should not be stigmatized, We must treat them in partner-like manner, with confidence. Therefore, our responsibility is to:
• perform management professionally and diligently to ensure a fair and competitive return on investment of our owners;
• provide to owners / investors relevant information in accordance with legal requirements and restrictions of competition;
• preserve, protect and enhance property owners and / or investors, and comply with the requirements, suggestions, complaints, and formal decisions of owners and investors.

Suppliers as a group of stakeholders are important to the success of not only a business system but also a range of other stakeholders. The price of one supplier affect the cost of production other stakeholders and thus may increase or decrease business success. The ratio of enterprises and suppliers, to some extent, is similar to the relationship with employees. For employees can be seen as suppliers of labor, competence and other human knowledge and skills. Both employees and suppliers must be paid enough to provide the required business system with quality product. This principle advocates the construction of such relations between enterprises and suppliers arising from awareness of the reciprocity. Naturally, reciprocity is always the premise of moral behavior. Therefore, the following are aspects of our responsibility:
• faster open markets for trade and investment;
• promote competitive behavior that is socially and environmentally beneficial and showing mutual respect among competitors;
• refrain from seeking or providing questionable reward or services in order to ensure a competitive advantage;
• respect the rights of ownership of the material and intellectual property;
• refuse to collect commercial information dishonest and unethical methods, such as industrial espionage.

Institutions of society and the public authorities are servants and drivers of higher goals. Public authority to perform within the moral responsibility for the welfare of others in certain destinations. Therefore, our responsibility in these destinations is as follows:

• respect human rights and democratic institutions and promote them wherever possible;
• recognize a legitimate obligation of the state to society as a whole, and support policies and practices that promote human development through harmonious relations between business and other sectors of society;
• cooperate with those forces in the community who are committed to raising the standards of health, education, safety and economic well-being;
• promote and stimulate sustainable development and play a leading role in preserving and improving physical environment and preserving the Earth’s resources;
• support peace, security, diversity and social integration;
• respect the integrity of local cultures;
• be good corporate citizens through charity donations, contributions to education and culture and employee participation in community matters and civil matters.

Public officials are accountable for their behavior while on duty; they can be dismissed for unlawful acts, exceeding official duties or abuse of office. The burden of proving that there was no unlawful acts, exceeding official duties or abuse of office must be born by the officials.

4. SPECIFIC DUTIES AND RESPONSIBILITIES OF OPERATING SYSTEMS

Each operating system has its own position in society that needs to be filled. He is there to create pleasure and wellbeing of will flow in many directions. Operating system must therefore reduce their risks and wisely look after their responsibilities. It is an imperative duty. Corporate social responsibility is a concept in which the business systems required to incorporate into their business social and environmental standards. They are also urged to take more of a minimalist compliance and to invest more in human capital, the environment and relations with stakeholders. Commission of the European Union was in 2001. issued the ‘Green Paper’ in order to promote a European framework for corporate social responsibility. [12]

Non-governmental organizations are increasingly imposing corporate ethics and standards of competition in order to define the social responsibility of corporations. International Organization for Standardization (ISO) began a process that will likely lead to the declaration of ISO standards for corporate social responsibility, which is by its nature similar to the existing ISO standards for quality (ISO 9001) and environmental sustainability
Organization for Economic Co-operation and Development issued its basic principles of good governance companies.

Business systems are required to publicly report on all its activities in order for NGO activists to monitor and criticize their decisions. The so-called reporting the three aspects of the financial results and provide information about the social and environmental impact of companies. Therefore, enterprises in these communities have a duty and responsibility to respect human rights and democratic institutions and promote them wherever possible. Human rights and democratic institutions presuppose that the nation respects the rule of law and allow private property receives protection from the state.

The company should not offer complete freedom of action to the owner of the company. Given that the company meets also social goals, it must not strive towards excessive power over workers, trade unions, political parties and other sections of society. Too much power in the hands of companies and too little power in the hands of the state neither guarantee nor endorses commercial success.

A society where people are politically, economically and psychologically safe and where no one suffers because he is different has the greatest chance to enjoy significant confidence and other important components of desirable social capital.

5. CONCLUSION

In creating business excellence every business system and its managers use resources and generate quality business relationships and new resources. In these business processes and relationships they are burdened with a number of functions that perform better if we apply general and specific ethical and moral principles.

BIBLIOGRAPHY:

TITLE OF THE PAPER
(Times New Roman - TNR 14 pt Bold)

First A. Author¹, Second B. Author², Third C. Author³, … (TNR 11 pt Bold)

¹ Association name, City, COUNTRY, e-mail (TNR 10 pt)
² Association name, City, COUNTRY, e-mail: (TNR 10 pt)

Summary: The length of abstract maximally 10 lines, type of font TNR 9 points normal, justify.

Keywords: keyword 1, keyword 2, keyword 3, keyword 4, keyword 5 (max. 5 TNR 9 pt)

1. INTRODUCTION (TITLE OF CHAPTER TNR 11 PT BOLD)

These are the guidelines for writing the paper for the International Journal of Economic and Law (IJEL). Papers should be written in format that is described below. Please follow these instructions.

2. TECHNICAL REQUIREMENTS (MAIN TEXT TNR 10, FOOTNOTES TNR 9)

It is possible to write the paper in English, Russian or German languages only (Times New Roman – TNR 10 pt normal). Footnotes should be written in TNR 9pt.

Allowed text editors: MS Word 2000 or higher.

For the paper to be published it is necessary to send: in paper form printed on the laser printer and on CD-ROM by regular mail or in electronic form by e-mail: info@economicsandlaw.com

2.1. Format

Preferably use A4 (297x210 mm²) page (by ISO 216 and ISO 478) format with margins (mm): 25 top, bottom, left and right.

2.2. ables

Each table is numbered and table captions are in TNR 10 pt, placed above the table, centered and have the following style.
2.3. Figures

Figures should be numbered. Please do not insert figures into text boxes. Figure caption is in TNR 10 pt, placed below the figure, centered and has the following style:

![Figure 1: Figure caption](image)

2.4. Equations

Equations are left justified 5 mm from left with equation number at the right margin in font TNR 10 pt Italic.

$$R_a = 0.65 \cdot R_{max}^{0.9}$$  \hspace{1cm} (1)

3. CONCLUSION

Write a short review about work and research done in paper and indicate paper highlights.

BIBLIOGRAPHY:

Bibliography should be indicated in the text using consecutive numbers in square brackets, e. g.
following alphabetic order of authors last names. In the bibliography (by ISO 690-1 and ISO 690-2) they should be cited including the title of the paper. Follow given examples below:


Tri puta godišnje

ISSN 2217-5504 = International journal of economics and law

COBISS.SR-ID 183119116