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**PROCEEDINGS**

**Vol. 1**



ALFA University  
**FORKUP**  
Faculty for education of the executives



ALFA University  
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2<sup>nd</sup> International Conference  
**"LAW, ECONOMY AND  
MANAGEMENT IN MODERN  
AMBIENCE"**  
**LEMiMA 2011**

**PROCEEDINGS**  
**Vol. 1**

*Editor:*  
*Života Radosavljević*

Belgrade, Serbia  
12 - 15. April 2011.

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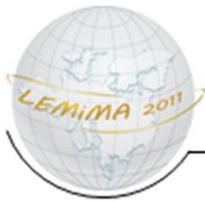
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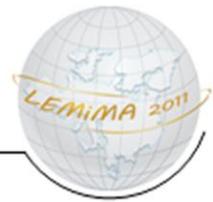
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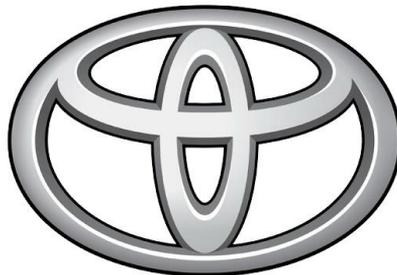
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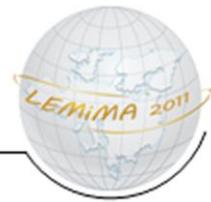


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## Preface

The Second International Scientific Conference named "Law, Economics and Management in Contemporary Modern Ambience" – LEMiMA 2011 is being held for the second time in Belgrade, Serbia, organized by Faculty for education of the executives, Novi Sad, which is a part of Alfa University – Belgrade. This conference has a goal to expand acquired knowledge from previous International Conference and to point to new knowledge which are acquired during the time period of year and a half in areas of law, economy and management, especially because of many dramatic changes that took place meanwhile.

Comparing to the previous International Scientific Conference, this one is being held in much more complex conditions of business. This statement refers to the natural disasters that are happening, especially when it comes to a serious of earthquakes in Japan, which caused damage to nuclear power plant in Fukushima with great possibilities to expose a large number of people to radiation, both in Japan and globally. This year there was a general uprising of the people in some African and Middle African countries, where there were general confrontations, between forces loyal to regimes and rebels, as well as the armed intervention of NATO forces. These events were followed by high casualties, massive destruction and disruption of ecosystem, to the extent that it would take several decades to bring some of these countries back to the period before these events. At the last International Scientific Conference works and papers that were presented were announcing that the crisis in the natural and social order will be more frequent and with more devastating effects, or that society will increasingly live with crises, to the extent that the crisis will be something that is normal, and normal situations will be considered as an exception. First International Scientific Conference title explicitly points to its content. Of course, it is about integrating law, economics and management, as three of the dominant sciences and professions that have decisive impact on business performance at the global, national, or corporate level. These three sciences and professions have the primary responsibility for the current situation, because it didn't change in response to changes in the environment, but tried to solve contemporary problems without dated concept and philosophy. Thus, there was a disproportion between theory and praxis, and the outcome was expected, and this is the emergence of major economic crisis during 2009, the social crises which are manifesting itself trough the national conflict to deteriorating bilateral relations. Eventually, these stated problems have been expanded with the problems of environmental policy (earthquakes, tsunamis, volcanoes, etc.) which also caused the large scale environmental disasters. Thus, the primary cause of the majority of these events is the result of underdevelopment, but also coordination of legal economic and managerial dimensions of the global or national level. Integrating of stated phenomena, would increase the synergetic effect, which is natural, because the effect of joined activities is always greater than the sum of their parts. We should add one more alpha plus, and that is to be referred to review the science and profession with an international perspective, and by an examination of domestic and foreign

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specialists and experts. Diversity of approaches is necessary, because the problems are complex and should be viewed from various aspects, especially from the legal, economic, and management aspects. So, here the technical dimension of contemporary problems is excluded, not only because it belongs to the technical sciences but also because they are less problematic and easier.

It is particularly important that the Second International Scientific Conference had, as active participants, businessmen from Serbia, Montenegro, Bosnia, which was not the case at previous international conferences. In this way, the broadening the number of relevant and competent participants took place, and it leads to connection of theory and praxis, which creates more favorable conditions to contemporary problems in the sphere of business, industry, and government as efficiently and effectively addressed. Considering that one year, as the duration from one to other scientific conference is relatively long for more complex problems that rise in contemporary terms, organizer also launched the international scientific journal "International Journal of Economics and Law". The first issue of the Review was promoted at the International Conference LEMiMA 2011. With the idea that, by the end of the year the same will be presented to the appropriate ministry for evaluation and placement on the national list of journals in Serbia for stated spheres.

The organizer would like to thank all participants of the International Conference, who sent their scientific works and in that way made the Conference successful, and particularly foreign colleagues and friends who were in conditions of crisis but managed to attend this conference and take an active part in its work. Also, big thanks to domestic and foreign businessmen chambers and organizations that have recognized this conference and their participation showed the time and practice to be followed.

Special thanks organizer owes to the Ministry of Education and Technological Development of Serbia which moral and financial support made this conference successful, the numerous donors who financially supported the organizer, but also the Republic of Serbia presents itself in the best light to the international representatives who took part in this conference. Thanks to everyone who, in any way made an effort to make this conference successful, believing that every successful business is based on friendship.

*Belgrade, Serbia, April 12-15, 2011*

CHAIRMAN OF SCIENTIFIC COMITEE

*Prof. dr Života Radosavljević*

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## CONTENTS

### **PLENARY SESSION (INVITATION PAPERS)**

Живота Радосавлевич <b>НОВЫЕ ВЫЗОВЫ И КОНЦЕПЦИЯ ГОСУДАРСТВА В СОВРЕМЕННОМ МИРЕ</b>	8
Mehmed Avdagić, Dževada Avdagić, Radić Maja, Muamer Džinović <b>THE ROLE OF MANAGEMENT IN REALIZATION OF ECONOMIC, SOCIAL AND HUMAN RIGHTS</b>	28
Денисюк В. <b>ИННОВАЦИОННО–ОРИЕНТИРОВАННОЕ ЭКОНОМИЧЕСКОЕ РАЗВИТИЕ: РАЗРАБОТКА МОДЕЛИ И БАРЬЕРЫ В УКРАИНЕ</b>	36
Primož Dolenc, Suzana Laporšek <b>ANALYTICAL FRAMEWORK FOR MEASURING EFFECTS OF FLEXICURITY</b>	44
Дорошенко Ю. А., Сомина И. В., Радосавлевич М. <b>ИННОВАЦИИ КАК ФАКТОР ЭКОНОМИЧЕСКОГО РАЗВИТИЯ: КОНЦЕПТУАЛЬНЫЕ ОСНОВЫ И ПРОТИВОРЕЧИЯ</b>	54
Герасимчук В.Г. <b>СТРАТЕГИИ И МЕХАНИЗМЫ ИННОВАЦИОННОГО РАЗВИТИЯ В СТРАНАХ ЕС, СНД И УКРАИНЕ</b>	61
Petar Kočović <b>SECOND DECADE OF 21<sup>ST</sup> CENTURY – COMPUTING EVERYWHERE</b>	71
Alexios Panagopoulos, Života Radosavljević <b>PROBLEMS AND POSSIBLE SOLUTIONS OF BUSINESS EDUCATION IN USA</b>	84
Живота Радосавлевич, Елена Николаевна Чижова, Ирина Сомина <b>БЕНЧМАРКИНГ В УПРАВЛЕНИИ ОБЩЕСТВЕННЫМ СЕКТОРОМ</b>	95
Života Radosavljević <b>NECESSITY OF INTRODUCING PROFESSIONAL MANAGEMENT IN THE PUBLIC SECTOR</b>	106



Karl Schopf, Milan Milošević <b>THE BASIC POSTULATES OF ORGANIZED CRIME IN TRANSITION COUNTRIES</b>	115
Нела Шкрлин, Сузана Паич, Дориан Ефтич <b>НЕКОТОРЫЕ СВОЙСТВА УПРАВЛЕНИЯ ЭКОЛОГИЧЕСКОЙ СИСТЕМОЙ АВСТРАЛИИ</b>	124
Терещенко С.В. <b>РОЛЬ СИСТЕМЫ ОБУЧЕНИЯ ПЕРСОНАЛА В ПОВЫШЕНИИ КАЧЕСТВА ЧЕЛОВЕЧЕСКОГО КАПИТАЛА ОРГАНИЗАЦИЙ ЛЕСНОГО СЕКТОРА СЕВЕРО-ЗАПАДА РОССИЙСКОЙ ФЕДЕРАЦИИ</b>	136
Vidoje Vujić <b>EDUCATION AND KNOWLEDGE ECONOMY</b>	142
Чесноков В. <b>ПРЕДПРИНИМАТЕЛЬСТВО И ТВОРЧЕСТВО КАК ФАКТОР ИННОВАЦИОННОГО РОСТА</b>	154
Чижова Е. <b>КАЧЕСТВО ПРОЕКТА И ЕГО СТОИМОСТЬ</b>	161
<b><u>PAPERS</u></b>	
Adamovic M. <b>SPECIFICITIES IN TEACHING RUSSIAN BUSINESS LANGUAGE IN SERBIAN ENVIRONMENT</b>	172
Alija I. <b>SOME ISSUES OF INTELLECTUAL PROPERTY RIGHTS REFORM IN BOSNIA AND HERZEGOVINA</b>	179
Bazler Madzar M., Madzar L. <b>MACROECONOMIC ASPECTS OF KNOWLEDGE-BASED DEVELOPMENT</b>	189
Bosanac D., Milosevic Z. <b>DRUG ADDICTION AND CRIMINALITY</b>	196
Bosanac D. <b>IMPORTANCE OF FLEXIBLE EMPLOYMENT IN TERMS OF NEW TECHNOLOGIES</b>	206



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<b>Bukvic N.</b> <b>CRISIS MANAGEMENT AND MEDIA</b>	214
<b>Cindric J.</b> <b>KNOWLEDGE MANAGEMENT AND LOGISTICS</b>	224
<b>Civric Markov S., Nesovic D.</b> <b>TEMPORARY CUSTODY IN MODERN CONDITIONS WITH SPECIAL REFERENCE TO SERBIAN LEGISLATION</b>	235
<b>Corluka D.</b> <b>PRINCIPLES, FUNCTIONING OF THE TAX SYSTEM AND EFFECTS OF TAXATION</b>	245
<b>Danilovic E., Zirojevic D., Dervic N.</b> <b>HUMAN RESOURCE MANAGEMENT IN THE FUNCTION OF COMPETITIVENESS</b>	254
<b>Dasic D.</b> <b>GLOBAL CORPORATIONS AND DIPLOMACY</b>	262
<b>Dasic M., Trajkovic S., Tesanovic B.</b> <b>THE NECESSITY OF USING EXPERT SYSTEMS IN STRATEGIC DECISION MAKING</b>	269
<b>Djokovic G.</b> <b>THE EFFECT OF PACKAGING FOOD INDUSTRY PRODUCTS ON ECOLOGY</b>	279
<b>Djuric D.</b> <b>FROM CRISIS TO CRISIS?</b>	285
<b>Djurisic B., Miladinovic M.</b> <b>CORPORATE SOCIAL RESPONSIBILITY AND HUMAN RESOURCES</b>	292
<b>Djurisic B., Miladinovic M.</b> <b>INCREASING ROLE OF IMF IN TERMS OF MODERN FINANCIAL CRISIS</b>	302
<b>Filipovic S., Muratovic S., Ukc N.</b> <b>КОМПЬЮТЕРНАЯ ПРЕСТУПНОСТЬ – НЕКОТОРЫЕ МИРОВЫЕ ОПЫТЫ И ОТЕЧЕСТВЕННОЕ УГОЛОВНОЕ ПРАВО</b>	311
<b>Gijic N., Djuretic G., Lilic V.</b> <b>BRAND VALUE MANAGEMENT</b>	317



Gijic N., Reko K., Miljkovic Lj. <b>SELF-PRODUCTION - ORGANIZATION MODEL OF LIVING SYSTEMS</b>	328
Golijan D., Soja T. <b>GOLD AS A FOREIGN EXCHANGE RESERVE OF CENTRAL BANKS</b>	338
Golijan D. <b>HUMAN RIGHTS AND MEMBERS OF THE ARMED FORCES</b>	348
Grubic G., Ratkovic M., Damjanovic A. <b>ТЕХНОЛОГИЧЕСКИЕ ТЕНДЕНЦИИ В ПОДДЕРЖКУ СОЗДАНИЯ ОТНОШЕНИЙ МЕЖДУ УЧАСТНИКАМИ НА РЫНКЕ</b>	357
Hasanovic H., Dzidic M., Bajric A. <b>SCHOOL AS MARKETING ORIENTED ORGANIZATION</b>	366
Hasanovic H., Sinanovic M., Bajric A. <b>TRANSFORMATIONAL LEADERSHIP IN HIGH SCHOOLS OF TUZLA CANTON</b>	374
Hasanovic H., Sinanovic M., Dzidic E. <b>ДИРЕКТОР ШКОЛЫ: МЕНАДЖЕР ИЛИ ПЕДАГОГИЧЕСКИЙ ЛИДЕР</b>	383
Hasanovic H., Sinanovic M., Dzidic E., Bajric A. <b>MODERN MANAGING METHODS IN EDUCATION</b>	391
Ilic D., Ostojic S. <b>REACHING COMPETITIVE ADVANTAGE RAISING DELIVERED VALUE</b>	401
Ivovic J. <b>COMPETITIVENESS OF SERVICE PRODUCT</b>	410
Jasarevic O., Begovic A. <b>NEGATIVE IMPACT OF MEDIA ON CHILDREN'S – YOUTH EDUCATION THROUGH THE APPLICATION OF INTERNET INFORMATION</b>	420
Jerotijevic Z., Milosevic Z. <b>CRIMINAL ACTS AGAINST THE AIR TRAFFIC SAFETY</b>	427
Jugo E. <b>PR FUNCTIONS IN NON-GOVERNMENTAL ORGANIZATIONS (NGOs)</b>	436



Kalinic Z. <b>ELECTION CAMPAIGN IN POLITICAL MARKETING</b>	443
Karic D., Zecevic R., Barjaktarovic M. <b>RISK OF FOREIGN EXCHANGE RATE, HEDGING AND SPECULATIONS</b>	449
Kocovic P. <b>BROWNIAN MOTION DEVELOPMENT FOR MONTE CARLO METHOD APPLIED ON EUROPEAN STYLE OPTION PRICE FORECASTING</b>	457
Koletnik D. <b>SIMULTANEOUS MEASUREMENT OF PRODUCTION COSTS</b>	466
Komljenovic B., Komljenovic A. <b>INTERNATIONAL RED CROSS IN CREATION OF HUMANITARIAN LAW</b>	473
Komljenovic B., Komljenovic A. <b>GENEVE CONVENTIONS</b>	477
Koprivica B. <b>THE NEW ROLE OF SCHOOLS IN THE RAPIDLY CHANGING WORLD</b>	481
Kovacevic M., Rizvic K. <b>ГЛОБАЛИЗАЦИЈА И ПРАВА ЧЕЛОВЕКА</b>	488
Lale V. <b>DEVELOPMENT AND THE IMPORTANCE OF ACCOUNTING AUDIT OF CORPORATION</b>	494
Laporsek S., Dolenc P. <b>ON THE WAY TOWARDS FLEXICURITY IN THE COUNTRIES OF FORMER YUGOSLAVIA</b>	503
Lazarevic M., Lazarevic Petrovic S. <b>QUALITY MANAGEMENT IN EDUCATION SYSTEMS</b>	514
Lazarevic M., Lazarevic Petrovic S. <b>DATA PROTECTION IN COMPUTER NETWORKS</b>	521
Lilic V., Djuretic G., Reko K. <b>BUSINESS NEGOTIATIONS IN INTERNATIONAL ENVIRONMENT</b>	531



Madzar L. <b>MACROECONOMIC APPLICATIONS OF THE MONOPOLIZED MARKET IN SERBIA</b>	541
Maric V. <b>COPYRIGHT PROTECTION AT THE GLOBAL LEVEL</b>	551
Markovic A., Markovic L. <b>NEW TRENDS IN HUMAN RESOURCES MANAGEMENT</b>	558
Markovic D. <b>OPEN END FUNDS IN SERBIA – AN OPPORTUNITY FOR INDIVIDUAL INVESTORS</b>	567
Memisevic E. <b>LEGAL STANDARDS AND SOCIALIZATION AS THE FACTORS OF SOCIAL AND ECONOMIC STABILITY</b>	576
Milenkovic J., Cvetkovic Z., Radomirovic J. <b>THE RIGHT TO ACCESS PUBLIC AND PRIVATE INFORMATION ON THE ENVIRONMENT – COMPARATIVE LAW ANALYSIS</b>	585
Milinkovic M. <b>UNDERGROUND ECONOMY WITH EMPHASIS ON BOSNIA AND HERZEGOVINA</b>	595
Miljkovic A. Lj. D. <b>REGULATORY POLICY OF THE EU MARKET</b>	604
Miljkovic Lj. i A. Lojanicic. R. <b>CREDIT SECURITIZATION</b>	611
Milojevic M., Petrov S., Zubac V. <b>INNOVATIVE MANAGEMENT</b>	618
Milosevic M., Maric V. <b>SOME ASPECTS OF THE LAW ENFORCEMENT OFFICERS LEGISLATIVE PROTECTION</b>	627
Muratovic S., Filipovic S., Muratovic M. <b>LEGAL PROTECTION OF INDUSTRIAL DESIGN</b>	633
Musinbegovic S., Stojanovic V. Musenibegovic S. <b>MANAGERIAL ROLE IN FINANCE AND RISK MANAGEMENT</b>	639



Musinbegovic S. <b>THE ENERGY SECTOR OF BOSNIA AND HERZEGOVINA AS A VITAL COMPONENT OF DEVELOPMENT</b>	647
Nastic G., Simic M. <b>THE IMPORTANCE OF THE HOLISTIC SYSTEM APPROACH FOR THE PROCESS OF REFORM OF ELECTRICITY SECTOR IN SERBIA</b>	657
Nikolic D., Nikolic V., Jankovic M. <b>STRATEGIC MARKETS PORTFOLIO</b>	666



## НОВЫЕ ВЫЗОВЫ И КОНЦЕПЦИЯ ГОСУДАРСТВА В СОВРЕМЕННОМ МИРЕ

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***Резюме.** Мы живем во время высокой нестабильности и неизвестности во всех областях человеческой деятельности. Природную, т. е. экологическую систему постигли потрясения, такие как землетрясения, цунами, наводнения и другие природные стихийные бедствия и катастрофы. С другой стороны, потрясения существуют и в общественном порядке, т. е. в отдельных национальных обществах, или на глобальном уровне. Речь идет о войнах, терроризме, восстаниях и сопротивлениях, усилившихся в отдельных частях мира, т. е. государствах. На поверхность всплыли и проблемы деловых организаций, транснационального и мультинационального типа, как и предприятий из общественного сектора, которые могут вызвать глобальные проблемы, или проблемы, пока невиданные в истории цивилизации. Упомянутые проблемы происходят не частично и с ограниченными, то есть местными последствиями. Наоборот, они часто возникают одновременно, на национальном или глобальном уровне, так же как и одновременно возникновение землетрясения и цунами, или землетрясения и радиации, как результата повреждения атомной электростанции, или восстания граждан в отдельных странах Африки и Ближнего Востока. Имея в виду то, что у каждого последствия есть своя причина, ставится вопрос о том, что является источником упомянутых и других проблем, и что это за "красная" нить, связывающая их. Несмотря на разные подходы, кажется, что для упомянутых проблем общи неэффективное государство, все еще функционирующее на устарелых концепциях и философии, и пока еще очень заметное существование классической экономики и менеджмента в современных условиях. Оказывается, что путем устарелой философии и концепции государственного управления, т. е. путем классической экономики и менеджмента невозможно решать современные проблемы, так как они и возникли из-за применения несоответствующих концепций в современных условиях. Цель настоящей работы – указать на новую философию и концепции, которые надо применить в государстве т. е. общественном секторе в сфере организации и управления, для того чтобы государство успешно и эффективно ответило на новые вызовы и сложности на национальном, т. е. глобальном уровне.*

***Ключевые слова:** общественный сектор, управление общественным сектором, новые вызовы и концепции.*

### ВВЕДЕНИЕ

События нескольких последних месяцев затмили другие события, происшедшие в последние несколько лет или десятилетий. Волна бунта и сопротивления существующим режимам в большом числе стран в мире подтверждает, что у государства не было



политики, так же ни стратегии ставить себя на службу граждан, что должно быть, с позиции современного государства, его преимущественной ролью. Итак, недовольство граждан является результатом государственного действия, или недействия, которое превратилось в бунт и стремление к демократизации авторитарных обществ и свержение авторитарной власти. Это неминуемо произойдет и приведет к новому равновесию на каком-то более высоком уровне качества, но при большом количестве человеческих жертв и материального уничтожения. Вместе с нестабильностью в общественном порядке, возникают проблемы и в экосистеме. Они тоже результат несоответствующего управления государством природными ресурсами, т. е. экологическим порядком. Недавняя экологическая катастрофа, постигшая Японию, показывает в какой степени, даже в самой организованной стране в мире, государство может отказаться в управлении риском самого высокого уровня, как для японского государства, так и для глобального мира. В частности, атомная электростанция Фукусима была самой старой атомной электростанцией Токийской энергетической компании (TEPCO). Первый блок подключен к сети в ноябре 1970, а конструкционный предохранительный резервуар относится к производственной серии "Марк 1" компании Дженерал Электрик пятидесятых годов прошлого века. Во время его установки было известно, что он не конструирован выдержать комбинацию землетрясения и цунами, но и что он не в состоянии выдержать землетрясение сильнее 8,2 градусов по шкале Рихтера. Проще говоря, самая важная часть электростанции – реактор с горячей водой под давлением, подобный электрической кофеварке с нагревателем, погруженный в воду. Разница только в том, что нагревателями в этом случае являются планки ядерного топлива, которые всегда должны быть в воде, а если бы они остались без воды, произошло бы плавление, а тем самым и выделение ядерного излучения. Чтобы обеспечить кольцевой ход охлаждения, необходимо чтобы непрерывно была электрическая энергия. Нико не предусмотрел, что цунами может прервать подачу электричества, унести даже агрегаты на дизельное топливо, которые все были расположены практически на самом берегу моря. Все выше изложенное указывает на то, сколько пропусков было в почти всех элементах постройки и поддержания объектов, таких рискованных для безопасности людей, флоры и фауны. Во всем сказанном, главный пропуск сделало государство. Приведенные, но и другие примеры показывают, что управление общественным сектором, то есть государством, очень отстает в вопросе рыночности и функционирования на современных принципах ведения дел. В более широком контексте, под общественным сектором надо понимать общественные предприятия и другие государственные институты и организации, которые от имени государства предоставляют определенные услуги, или занимаются производством определенной продукции или услуг. Типичные примеры: энергопромышленность, почта, железная дорога, больницы, коммунальные предприятия, общественное управление, образовательная, культурная и другие системы, находящиеся в ведении государства.



Точные анализы и исследования показывают, что причина самого большого количества отрицательных событий – в использовании классических и устарелых концепций в управлении государством, как самой сильной институцией, или организационной системой. С другой стороны, и японская электростанция вызвала экологическую катастрофу, из-за использования технологии, старше 60 лет. И то и другое доказывает, что такие и подобные явления будут случаться всегда, когда пытаемся посредством устарелых концепций и знаний решать современные проблемы, т. е. когда не идем в ногу с временем. Поэтому, любая работа на тему применения новых концепций и философии в решении современных проблем заслуживает внимания, может быть больше в качестве исходного толчка к опровержению существующих мифов, чем по отношению к их моментальному внедрению.

## **СИСТЕМНОЕ ЗНАЧЕНИЕ И ТЕНДЕНЦИИ ОБЩЕСТВЕННОГО СЕКТОРА**

Институт "общественного сектора" создан своевременно французской юридической теорией. Этот институт восприняли немецкие наука и практика, так же как и законодательство других буржуазных государств. Развитие "общественного сектора" сопровождало развитие буржуазного государства. В эпоху либерализма (характеристикой которой является начало сведения государственной интервенции к возможно меньшей степени и понимание государства как "ночного сторожа") существовало очень ограниченное число общественных служб. Во время либеральной буржуазии существовали лишь три "общественных сектора": национальная оборона, полиция и правосудие. Буржуазные теоретики, прежде всех Морис Ориу (Maurice Aurion) и Леон Дюги (Leon Duguit)<sup>1</sup> разработали институты общественной власти и общественных служб, что создало основу для более подробного изучения и совершенствования функционирования государства. Анализы показывают, что с развитием общества увеличивается число деятелей, которые могут быть предметом "общественного сектора", а так как цивилизация заключается в увеличении потребностей, которые надо удовлетворить в кратчайшем времени, то с совершенствованием цивилизации вмешательство государства становится все чаще. Это неизбежно случилось и во время экономического кризиса 2009 года, когда государство финансовые интервенции применило и на банковский сектор и спасение даже частных компаний, чтобы уменьшить удар на бюджет и государственную казну. Государство берет на себя подготовку кадров для потребностей экономики, учреждает школы и

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<sup>1</sup> Французские теоретики государства, т. е. общественной власти и общественных служб



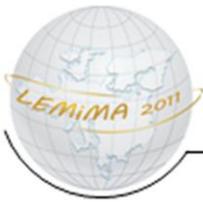
другие образовательные учреждения, организует выполнение почтовой и телефонной службы, организует железнодорожный транспорт, снабжение населения водой, и другие службы необходимые капиталистической экономике, в форме "общественного сектора".

С появления большого мирового экономического кризиса, в начале 30-х годов прошлого столетия, роль государства и общественного сектора в функционировании рыночных экономик постоянно увеличивается. Значение различных государств, т. е. общественных интервенций для свободы рыночной аллокации общественных ресурсов и распределение национальных доходов, настолько увеличилось в предшествующие 80 лет, что и само определение лидирующих мировых экономик с течением времени эволюировало. Вместо того чтобы полностью ориентироваться на рыночную экономику, они теперь все больше считаются социально-рыночными экономиками, как например Германия, Австрия и скандинавские страны.

Увеличение государственного воздействия и интервенционализма привело к тому, что государство стало громоздким и слишком неповоротливым для того, чтобы ответить новым требованиям, навязанным современным обществом, а особенно современным бизнесом. Поэтому многие поискали спасение в проведении совершенно противоположной стратегии, заключающейся в сокращении деятельности, находящихся в ведении государства, и выход из традиционных секторов, которые по "натуре" принадлежали государству. Значит, современный общественный сектор совершенно иначе, чем тот, несколько десятилетий назад, что требует несколько более развернутого объяснения. Более глубокий анализ показывает, что государство, т. е. общественный сектор надо рассматривать как и любую другую деловую систему, прежде всего в целостном системном аспекте.<sup>2</sup> Итак, у каждой организации есть свои инпуты, трансформационные процессы и аутпуты, выражающиеся посредством продуктов или услуг. Каждое государство старается, или так должно быть, возможно меньшими инпутами осуществить возможно большую ценность аутпута. Это значит, что в первый план следует выдвинуть экономический аспект организации, и это вполне естественно, так как осуществление экономических эффектов – условие дальнейшего функционирования любой организации. В какой степени это осуществится на высоком уровне, в той и такой степени государство, как и любая другая система, будет более приемлемым, ибо при наименьших экономических затратах осуществляются намеченные общественные цели. В общем, государственные институты, т. е. общественный сектор не подвергнут рыночному состязанию, потому что у пользователей услуг общественного сектора часто нет выбора в их использовании. Основной вопрос общественных

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<sup>2</sup> Относительно хороший обзор целостной технологии успешности можно найти в: М. Radosavljević: "Holistička tehnologija uspešnosti", FORKUP, Novi Sad, 2011.



предприятий и институций – проведение политики цен, имея в виду их монополистическое положение. Вследствие указанного, в общественных предприятиях навязывается большая потребность в общественном контроле, чем в других, а прежде всего в частных предприятиях. Итак, общественный сектор монополистически ориентирован, потому что определенные дела возможно провести только в государственных учреждениях и на заранее заданных условиях, т. е. процедурах. Они не заставлены бороться за его высочество покупателя, как это случай в деловых и рыночно ориентированных организациях, из-за монополии, которая у них есть в выполнении отдельных деятельностей. Эпилог указанного известен, это – сниженная деловая эффективность. Оказывается, что в большом количестве случаев государства стали слабее крупных транснациональных и мультинациональных компаний, и что эти компании имеют решающую роль в проведении отдельных национальных политик, но и политики на глобальном уровне. Пример крупного розничного американского гиганта Волмарт подтверждает это, так как его совокупное обращение больше ВВП стран Бенелюкса, т. е. Голландии, Бельгии и Люксембурга.<sup>3</sup> К выше сказанном надо добавить еще одно факт, а это недостаточная профессионализация управления в общественном секторе, при чем остается дилемма, является ли недостаточная развитость общественного сектора причиной или последствием непрофессионализованного менеджмента. Проблема осложняется тем, что в отдельных странах транзиции появляется позиция, все больше превращающаяся в официальную политику, а именно – политизация и идеологизация менеджмента общественного сектора, доходящая до политиканства, как прямой противоположности политики. Самая крайняя позиция в Сербии, что общественный сектор можно предоставить политическим лидерам или людям из определенной политической партии, и что не надо, чтобы ими управляли профессионалы, т. е. менеджеры. Понятно, что таким образом создаются условия для того, чтобы общественные предприятия, как и другие государственные институции, работали скорее в целях определенной политической партии, т. е. осуществляли многочисленные льготы, принадлежащие партии, а меньше, или вообще нет в целях общих интересов, ради которых они и основаны.

## **КОНЕЦ ПОЛИТИЧЕСКОГО ГОСУДАРСТВА И ПОТРЕБНОСТЬ ПОНИМАНИЯ ГОСУДАРСТВА КАК ПРЕДПРИЯТИЯ**

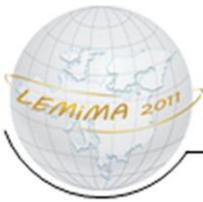
В соответствии с указанным, любое государство можно рассматривать как и любое другое предприятие, так как в нем выполняются почти все функции, существующие в любом предприятии, а именно: техническая, экономическая и социальная. Государство должно посредством предоставления услуг удовлетворить граждан и за это принять определенные взносы, для чего надо предварительно определить число, вид и объем

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<sup>3</sup> Ž. Radosavljević: Trgovinski menadžment, CERK, Beograd, 2007. P. 334



услуг, которые государство должно предоставить. В принципе, это все непривлекательные или неприбыльные деятельности, в которых частный сектор не заинтересован, или сектора щепетильные и рискованные для жизни, здоровья о вообще безопасности страны. Все остальное можно приватизировать, т. е. выделить из ведения государства, и таким образом сократить число "пиявок", высасывающих бюджетную субстанцию. Конечно, и государство, как и любое другое предприятие, может попасть в положение банкротства, а это и произойдет, если аутпуты ниже инпуты. В приведенном случае принимаются меры как и в любом другом предприятии, с тем что государство нельзя ликвидировать, потому что есть совместные, т. е. общие интересы, из-за которых должен существовать центральный орган, который данные интересы будет артикулировать. Иначе говоря, неэффективное государство должно реорганизоваться и в вертикальном и в горизонтальном направлениях в обществе, сменить правительство, не осуществившее целей и ожиданий граждан и т. д. Если государство рассматривать таким образом, в качестве одного сложного общественного и экономического организма, которым надо качественно управлять, то можно прийти к выводу, что и государство должно функционировать на экономических принципах, т. е. тех началах, на которых функционирует любая деловая организация. Приведенный подход указывает на потребность в большей степени подвергнуть общественный сектор стран транзитии рыночным закономерностям. Практическая операционализация этой идеи заключается в возможно большей приватизации традиционно государственных институций, как это сделали и как это делают развитые рыночные страны Запада, путем либерализации в секторе энергетики, железных дорог, образования, здравоохранения, культуры, обороны и т. д. Опыт и исследования показывают, что частный сектор в развитых рыночных странах взял на себя многие деятельности от общественного сектора, даже традиционно общественные предприятия в сфере вооружения, военного снаряжения, как и ремонта военной техники, которые десятилетиями работали под "вуалью тайны" и под контролем государства. Частные предприятия в области обороны сегодня интернационализированы до такой степени, что над выпуском какого-нибудь вооружения работает несколько тысяч сотрудников из разных стран мира. Точные анализы показывают, что государство сегодня считается скорее политической, чем экономической системой. Государством и общественным управлением больше занимаются политическая и юридическая, чем экономическая наука, которая, за исключением макроэкономики, общественных финансов, почти ничего больше не изучает на экономических высоко образованных институциях. Это последствие стереотипа, который долгое время существует и в других сферах жизни и деятельности, т. е. понимания, что государство образуют политические партии, и что естественно, что политические лидеры, получившие самое большое число голосов, – председатели правительств и что они имеют в своем владении, т. е. управляют самыми важными секторами государства. Забывается, что наступает конец политического государства, т. е. что оно кончается, потому что информационная технология маргинализировала традиционные политические партии. На это



предупреждает и Джо Триппи утверждениями: "Две оставшиеся причины для существования политических партий – на основании программы поддержать кандидата и обеспечить дарителей для финансирования кампании – все больше под вопросом. Кандидаты уже теперь в состоянии собрать больше добровольцев и организаторов кампании, используя Интернет и социальные сети, чем любая политическая партия может собрать посредством своего главного комитета и партийной сети".<sup>4</sup> Государство в современном смысле надо понять как любую другую организацию, т. е. предприятие. У нее есть своя цель, как и у каждого другого предприятия, а в частности, создание благоприятной деловой обстановки для успешной работы деловых организации, путем предоставления услуг. Эту, как и другие цели, государство должно осуществить при наименьших экономических расходах, т. е. при наименьших затратах материальных, человеческих, финансовых, информационных и других ресурсов. Итак, и государство в выполнении своей роли должно считаться с экономическим аспектом, заключительным и существенным в любой организации. Оказывается, что любая цель в наше время осуществима и что это не представляет большой проблемы, но проблема возникает, когда цели надо достичь при высшем уровне экономики деятельности. Разумеется, государство анатомически тождественно, или подобно другим группам интересов. У него есть свои инпуты, трансформационные процессы и в конце – аутпуты. Его ресурсы – государственное или общественное имущество, которым управляют общественные предприятия, бюджет, составляющийся на основе налогов и других общественных доходов (пожертвований, дополнительных доходов и т. д.). Любое государство, наподобие предприятия, должно стараться возможно больше "оплодотворить" общественное имущество, а с другой стороны, возможно меньшим вмешательством в экономику добиться намеченных целей. Посредством трансформационных процессов, государство, т. е. правительство в качестве его исполнительного органа, должно создать лучший деловой микс, для того чтобы добиться самого большого эффекта. Плохо оформленное правительство, т. е. государственная администрация и общественные предприятия увеличивают энтропию его функционирования, что умножает проблемы на уровне деловых организаций. Наконец, у государства есть свои аутпуты, выражающиеся посредством качеством услуг и продукции, т. е. качеством уровня жизни населения. Другими словами, если у населения нет удовлетворительного качества жизненного уровня, государство недостаточно старается и должно усилить свои активности, наподобие менеджмента в деле улучшения качества продукции и услуг, для того чтобы

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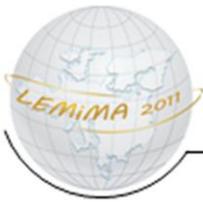
<sup>4</sup> Более подробно о приведенных позициях в: Dž. Bakingem and T. Vard: „Whats next - The experts guide“, Harper Collins, 2008. p. 251.



завоевать, или задержать покупателей, то есть клиентов. Практика показывает, что современные государства все больше устраиваются по принципам деловых организаций, т. е. крупных транснациональных и мультинациональных компаний. Это естественно, имея в виду то, что в этих организациях экономический аспект, единственный дающий легитимность для управления государством, самый главный.

## **ГОСУДАРСТВО ДОЖНО БЫТЬ ТОП-МЕНЕДЖМЕНТОМ, А МИНИСТРЫ ФУНКЦИОНАЛЬНЫМИ МЕНЕДЖЕРАМИ ГОСУДАРСТВА**

Если государство понять как предприятие, тогда аналогично уже сказанному многие вещи из государственной администрации можем применить на деловые организации, так же как и многочисленные хорошие решения из деловых организаций можно применить на государственное организоевание и управление. Эта аналогия в прошлом шла в направлении от государства к компаниям, когда решения из государственной администрации часто усваивались и в управлении крупными деловыми системами. В современных условиях, направление перевернулось, и теперь государственная администрация часто усваивает опыт транснациональных и мультинациональных компаний и внедряет его в свою организационную и управленческую практику. В данном контексте, очевидно, что потребность в профессиональных управителях – приоритет всех приоритетов, и что никогда специализация, профессионализм и высокая компетентность не были такими необходимыми общественному сектору, как сегодня. Эта констатация реальна, так как мы находимся в нестабильных условиях жизни и работы, когда все решения необходимо принимать быстро и качественно. Конечно же, быстрые решения, как правило, некачественны, а качественные решения чаще всего запоздалые. Для того чтобы принимать быстрые, но и качественные решения, нужен высокий уровень профессионализации всех членов управленческой команды, но и всех субъектов, участвующих в создании общего эффекта. Однако, исследования показывают, что до сих пор наука о менеджменте не достаточно продвинула профессионализм в управлении общественным сектором. Причины этого надо искать в объективных фактах, потому что общественный сектор сложный, объемистый и по своей анатомии принадлежит государству, как традиционной институции, которая медленно меняется, особенно в экономической сфере. Поэтому и крупнейшие гуру менаджмента не смогли создать новые идеи и концепции, направленные на повышение эффективности общественного сектора. Известный мировой консультант Т. Питерс в начале отрицал значение и влияние менеджмента на успешность общественного сектора, но после документации о исследовании общественного сектора он изменил позицию. Таким образом, этот влиятельный деятель присоединился к другим знаменитым именам, оправдывающим менаджмент в общественном секторе, и сегодня уже нет важного гуру в менаджменте,



который не считал бы менеджмент фактором ведения бизнеса и новой производительной силой действия. Коллега по Гарварду Портера, Розабет Мосс Кантер, недавно исследовала отношение между общественной политикой и тем, что некоторые назвали бы "деловыми объединениями", из противоположной перспективы. Транснациональные и мультинациональные корпорации глобально ориентированы, и свое расширение обеспечивают посредством стратегии интернационализации, особенно в страны с недорогой рабочей силой. В данном контексте, надо подумать о общественной политике, проводимой какой-то страной, о политической стабильности и приемлемости компаний в определенном регионе.<sup>5</sup> Она настаивает на том, что лучший способ для развития какого-то региона, т. е. для того чтобы он стал лидером мирового класса, в одной из трех активностей: размышление, производство или торговля. Согласно Мосс Кантер, нет смысла бороться против глобализации в целях сохранения местных или региональных обществ. Нативизм, т. е. понимание, что уроженцы имеют преимущество на своей территории – стереотип, который, если его принять, приводит к разухе уроженцев, т. е. местного населения, особенно если речь идет о их потребностях и интересах. Приведенные утверждения относятся и к общественному управлению. И оно, подобно любой деловой организации, должно иметь в виду, что граждане одного города, села или другого социально-политического общества на самом деле являются потребителями, потребности, желания и интересы которых надо удовлетворить, при наименьших экономических и других затратах. Если этого не выполнить, население как потребитель общественной продукции и услуг санкционирует общественное управление, т. е. правительство на выборах, как в случае менеджмента в деловых организациях, когда для их стейкхолдеров не осуществляются удовлетворительные эффекты. Итак, правительство – представитель общественного сектора и оно похоже на топ-менеджмент деловых организаций. Оно как топ-менеджмент несет ответственность за создание благоприятной обстановки, в которой "бизнес будет расцветать". Правительство должно быть образцом в введении эффективной технологии и организационно-управленческих концепций в свои системы или ее части. Если бы концепции оказались успешными, это восприняли бы и деловые организации, что в обратной связи шло бы на пользу и государству, так как успешная экономика быстрее и больше наполняла бы бюджеты, которые были бы использованы для улучшения народного благосостояния. Таким образом и правительство завоевало бы доверие для управления государством, что получило бы подтверждение на парламентских и местных выборах. В соответствии с уже сказанным, премьер каждого государства должен быть менеджером, т. е. человеком, обладающим знаниями, навыками и способностями для организации управленческого процесса. Его основная задача – на основании выборных программ, за которые граждане голосовали, формулировать

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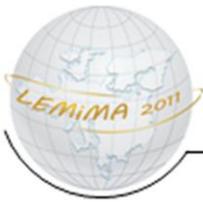
<sup>5</sup> Более подробно о влиянии глобализации на местные и региональные объединения в: World Class: Thriving Locally in the Global Economy, 1995.



стратегию для превращения выборных обещаний в действительность и осуществить ее. В Сербии приведенными фактами необоснованно пренебрегается или им не придается достаточное значение. Вместо профессионализма и требования, что бы на месте председателя правительства был менеджер, то есть человек из бизнеса, доказавший свои способности в управлении собственным бизнесом, или как менеджер в больших деловых системах, в последние несколько сроков в премьеры избирались политические лидеры, как правило, той партии, у которой был лучший выборный результат. Это несомненно стратегическая ошибка. Так из хороших, или успешных политических лидеров создаются главным образом плохие премьеры или руководители отдельных государственных ведомств. Назначением политических деятелей премьер-министрами создаются условия для назначения, по тому же критерию, членов правительства, а они, в свою очередь, в свои структуры выбирают людей из своей политической партии, которые преданы своей политической партии, часто без необходимых знаний, навыков и способностей в сфере управления. Таким образом общественное управление в странах транзисии и в Сербии политизируется и идеологизируется, а этим предотвращается профессионализация управления государством, т. е. общественным сектором. Имея в виду сказанное, министры в правительстве должны быть функциональными менеджерами, управляющими определенными ведомствами, на основании формулированной политики и стратегии на уровне государства, т. е. правительства. Они должны обладать знаниями и опытом для управления функциональными секторами, и постоянно их освежать. Имея в виду сказанное, в восьмидесятые и девяностые годы, большое число политических лидеров, или премьеров (Великобритании, США и других стран) требовали, чтобы члены правительства проходили курсы, т. е. обучение на престижных менеджерских факультетах, для того чтобы члены правительства были подготовлены к управлению своими секторами. Значит, члены правительства в первую очередь должны быть профессионалами по управлению своими функциональными областями.<sup>6</sup> В Сербии известно, что членов правительства, т. е. состав, не назначает и не составляет премьер-министр, а опять же лидеры партий у власти. Вследствие такой практики, члены правительства работают в интересах партии, назначившей их, вместо того чтобы работать в качестве части команды для осуществления возможно большего успеха на национальном уровне. Таким образом, частичные, т. е. партийные интересы становятся первичными, а интересы государства как целого – вторичными, что приводит к повышению энтропии на национальном уровне, которая производит неэффективность и застой экономики и общества.

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<sup>6</sup> Это в свое время понял один из самых успешных сербских министров финансов Лаза Пачуа, когда в управлении финансами применил все правила хозяйственной экономики. О Лазе Пачуа как министре финансов можно более подробно посмотреть в: Ž. Radosavljević: *Tajne uspeha velikih imena svetskog biznisa*“, CERK, Beograd, 2001.



Председатели местного (само)управления – менеджеры более низкого уровня, которые в рамках определенной политики и стратегии работают над их приложением. И эта структура должна обладать знаниями, навыками и способностями оперативного менеджмента, для того чтобы качественно создать оперативное искусство, т. е. тактику для успешного управления местными самоуправлениями. Таким образом создаются условия для введения компетентной управленческой элиты, которая будет в состоянии ответить на все большую сложность и неизвестность в экономике и обществе.

## **АРГУМЕНТЫ ЗА И ПРОТИВ МЕНЕДЖЕРИЗАЦИИ ГОСУДАРСТВ И ПРАВИТЕЛЬСТВ**

П. Друкер больше половины столетия утверждал, что менеджмент – нужнее всего в общественном секторе, но в этой части национальных экономик, даже в развитых странах, он присутствует меньше всего. Том Питерс в начале не поддерживал введение менеджмента в общественный сектор, но потом он его принял. Третий гуру менеджмента Мицинберг был против введения менеджмента в общественный сектор, что само по себе говорит, что в этом вопросе есть недоразумения, даже у людей, посвятивших весь свой век проблеме управления. С другой стороны, за недостаточное применение менеджмента в общественном секторе кажутся ответственными теоретики менеджмента, которые не достаточно хорошо обосновали потребность в введении этой науки и профессии в общественный сектор. Ответственность несут и политические лидеры и государственные деятели, которые не были достаточно чуткими для того, чтобы узнать концепции, которые могли бы способствовать повышению национальной успешности в отдельных странах. Несмотря на все это, в теории и практике менеджмента существуют два противостоящих мнения в связи с местом и ролью менеджмента в общественном управлении.<sup>7</sup> *Первая позиция* заключается в том, что государство, согласно законам Синглера, неповоротливое, неэффективное и, как правило, плохой хозяин, т. е. незаинтересовано в повышении успешности. С другой стороны, у государства есть особые сектора, такие как образовательные, здравоохранительные, культурные и другие институты, которые по своей природе не согласуются с менеджментом, так как наличие в них принципов менеджмента ставило бы под вопрос мораль, клятву Гиппократа и т. д. Согласно этой позиции, в государстве, т. е. в общественном секторе нет места для экономики, т. е. для менеджмента.

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<sup>7</sup> Подробнее об этом в D. Ozborn, T. Gebler: Reinventing Government: How the Entrepreneurial Spirit Is Transforming the Public Sector, Boston, (1992)



*Вторая позиция* исходит из того, что любая организация – группа интересов, и что в более широком контексте нет некоммерческих организаций. Согласно этому пониманию, и образовательные, здравоохранительные системы, и даже Американский Красный Крест, считающийся одной из самых крупных гуманитарных организаций в мире, являются группами интересов. Иначе говоря, любая из упомянутых организаций заставлена посредством ограниченных ресурсов добиться возможно больших экономических эффектов, что наязывает потребность в введении науки о менеджменте и менеджерской профессии. Итак, принципы менеджмента имеют своей задачей управлять скудными ресурсами, которых в будущем будет все меньше, и посредством таких ограниченных ресурсов (природных, финансовых, информационных и других) осуществить возможно большие эффекты. В целях отклонения возможных сомнений о необходимости менеджмента в общественном секторе, будет полезным сопоставить функционирование менеджмента в общественном и частном секторах. С помощью сопоставления общественного и частного секторов, можно частично прийти к выводам и аргументам за и против менеджмента в общественном секторе и вообще менеджериализации правительств. Этой проблемой в восьмидесятые и девяностые годы прошлого столетия занимались известные влиятельные представители мира менеджмента, но и председатели правительств, более или менее успешно пытавшиеся внедрить менеджмент в общественный сектор. Аргументы за и против менеджериализации правительства можно свести к следующим:

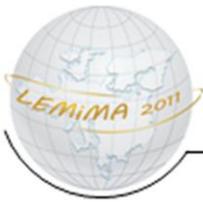
Между общественным и частным секторами существуют существенные различия, так что менеджмент из одного никогда не может быть применен на другом секторе, имея в виду то, что одни правила имеют силу в одном, а другие, даже совершенно противоположные, в другом, или других секторах.

Граждане не клиенты правительства, как в случае частного сектора. Граждане ведут себя одним образом, когда используют общественные услуги, к которым они зачастую принуждены (как, например, отслужение воинской повинности), а иным образом, когда речь идет о коммерческой сфере, которая зависит от их выбора.

При использовании услуг общественного сектора у граждан часто нет выбора, в отличие от частного сектора, в силу чего общественный сектор не заинтересован завоевывать покупателей своих услуг, потому что у них нет права выбора, крупного демократического и рыночного достижения.

Правительство ответственно перед всеми, что в практическом смысле значит, что оно не отвечает никому. В деловых организациях менеджмент отвечает собственникам, и это значит, что известны субъекты, которые отвечают, и субъекты, перед которыми отвечается.

Государство обеспечено от банкротства, так как в случае плохих решений оно имеет в своем распоряжении механизмы принуждения, как например повышение налогов, для наполнения бюджета и уравнивания бюджетных доходов и расходов, или повышение сборов, таможенных пошлин, а в конце концов – и печатание денег. Менеджмент подвергнут постоянной угрозе банкротства, которая в условиях развитой конкуренции становится все более интенсивной.



Легитимность и легальность правительство получает от правящей партии, вследствие чего занятые в общественной администрации по природе лояльны партии и ее политике, ибо со сменой правительства приходят единомышленники партии, выигравшей на выборах, и она в измененных условиях пользуется льготами, которые были у предшествующего правительства.

Правительство и его министерства, т. е. общественные предприятия и вообще государственная администрация живут часто в "лесу предписаний", которые часто управляют людьми вне контекста, вместо того чтобы люди управляли предписаниями.

Наконец, основы функционирования общественного и частного секторов разные. Общественный сектор часто решается на линейные ходы, в отличие от частного сектора. Например, правительства чаще всего считают, что увольнение из общественной администрации дорого, из-за выходного пособия, которое надо платить пожилым служащим, или контрпродуктивно, так как в линейном сокращении государственной администрации чаще всего уходят молодые и талантливые работники, что видно из американской практики. Когда американское министерство строительства сокращало персонал своего компьютерного отделения на 20%, ему пришлось уволить своих самых молодых и самых перспективных работников, т. е. тех, кто лучше разбирался в компьютерах. Ясно, что в частном секторе не существует таких подходов к решению проблем, потому что они не в обязанности точно и строго придерживаться законов и предписаний, имея в виду то, что они в большом количестве случаев не несут ответственность перед законодательным органом за свои поступки.

Отрицательной позиции о применении менеджмента в общественном секторе способствовали и некоторые события в развитых странах, прежде всех в Великобритании, где число менеджеров в девяностые годы прошлого века в системе здравоохранения остро увеличилось, так же как и их зарплаты. С другой стороны, численность медсестер, т. е. их зарплаты снизились в общей структуре расходов. В частности, численность менеджеров в здравоохранении Великобритании в период 1989-1999 гг. увеличился на 18 000, в то время как число медсестер снизилось к 27 000. Средняя годовая зарплата менеджера больницы составляла примерно 65 000 фунтов в середине девяностых, и она увеличивалась в два раза быстрее, чем средняя зарплата медсестер. Общий фонд зарплат менеджмента в период 1989-1994 гг. составлял около 160 миллионов фунтов, а в период 1994 этот фонд составлял око 720 миллионов фунтов.

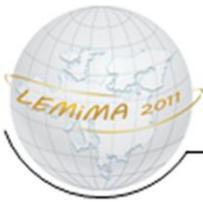
Предшествующие сведения показывают, что менеджеры в этой важной деятельности были переплачены, медсестры недоплачены, что не было приемлемым для большинства занятых в здравоохранительной системе. Рост числа менеджеров привел и к неповоротливости в реагировании на срочные и приоритетные случаи, что понизило и качество здравоохранительных услуг. Предшествующее сравнение и факты указывают на существование разницы между общественным и частным секторами, и поэтому логично и то, что существует разница между философией и технологией управления одной и другой частью. Однако, это не значит, что из управления общественным сектором надо удалить профессионализм и менеджмент, а то, что их надо приспособить, по принципам "творческой имитации", конкретной деятельности, времени и ситуации, по причине того, что над миром нависает угроза профессионализации. Практика показывает, что индивиды и организации, обладающие большими профессиональными знаниями, навыками и способностями, имеют больше потенциалов и шансов преуспеть в



нестабильных и неизвестных условиях работы. Иными словами, образованные менеджеры по управлению общественным сектором, как правило, показывают лучшие результаты, чем политики, которые не обладают достаточными знаниями в области управления, а появляются в качестве профессиональных дилетентов. Это утверждение относится к любой организации, включая и общественный сектор. Итак, хотя между общественным и частным секторами есть определенные различия, у менеджмента как универсальной науки есть свои общие начала, применяемы на все организации, а для их особенностей образованы специальные менеджменты, такие как общественный или политический менеджмент, который должен рассматривать вопросы и проблемы управления общественным сектором. Согласно этому, и он, как и другие, а прежде всех деловые организации, должен приспосабливаться пользователям общественных услуг и следить за переменами, которые появляются на рынке этих услуг. Лучшее решение было бы, когда бы "душу и скорость маленьких компаний всунули в тело государства, как большой компании. Это реально, ибо в будущем будут существовать только два типа государств и организаций, а именно: быстрые и мертвые".<sup>8</sup> Хотя существуют аргументы за и против менеджеризации государства, это факт, что сложность общественного сектора и вызовы на которые он должен ответить, показывают и доказывают необходимость введения профессионализации в управление общественным сектором. Этому благоприятствует и волна приватизации, охватившая страны транзисии, так что многие общественные деятельности перейдут в частные руки, что позволит и применение философии и технологии менеджмента и в этих деятельности. Поэтому логично поддерживать введение менеджеризма во все сегменты экономики и общества, даже в общественный сектор, так как менеджмент является профессией, которая может лучшим образом экономить и управлять ограниченными ресурсами в целях достижения намеченных целей. Введение менеджеризма в общественное управление, т. е. общественный сектор, восстановило бы доверие к правительствам на глобальном уровне. С другой стороны, повысился бы рейтинг политических партий и лидеров, преимущественная задача которых была бы определить цели, наметить дороги по которым надо идти и создать благоприятную деловую обстановку для осуществления миссии, произошедшей из программных выборных обещаний. При этом следует иметь в виду, что важна не дорога, по которой мы идем, а то, какая обувь у нас есть. Многие хотели бы удалять тернии с дороги, вместо того чтобы запастись соответствующей обувью для ходьбы по тернистой, неудобной и неизвестной дороге, какой современный бизнес является.

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<sup>8</sup> T. Peters: *Luda vremena zahtevaju lude organizacije*, New York, 1999.



## **НЕОБХОДИМОСТЬ РЕКОНСТРУКЦИИ И ПРОФЕССИОНАЛИЗАЦИИ УПРАВЛЕНИЯ ГОСУДАРСТВОМ И ОБЩЕСТВЕННЫМ СЕКТОРОМ СЕРБИИ**

Практика показывает, что над управлением общественным сектором Сербии витает угроза дилетантизма и политиканства. В частности, главную часть сербского общественного сектора, под которым подразумеваются общественные предприятия и общественные (некоммерческие) учреждения, государственная администрация, государственные организации и т. д., еще не охватила волна профессионализма. Под этим понятием следует понять управление общественным сектором, осуществляемое профессиональными менеджерами, т. е. экспертами, закончившими высшие школы бизнеса (high business school) и у которых достаточный опыт для того, чтобы заниматься управленческими делами. Дилетантизм распространился в общественном секторе, по глубине и ширине организаций, руководящих комитетов, топ-менеджмента, среднего, и даже низкого руководящего уровня. К приведенному надо добавить еще один факт – некачественную организационную структуру. Оказывается, что речь идет о т. наз. "глубинной" организационной структуре, с многочисленными иерархическими уровнями, в которой каждый уровень повыше имеет больше власти по отношению к уровням пониже, и где существуют межличностные, т. е. жесткие и строго формализованные и контролируемые отношения, как между индивидами, так и между отдельными организационными группами и командами. Такое устройство организации больше соответствует организации пятидесятих годов прошлого века, т. е. промышленной, чем современной организации, основывающейся на информационной технологии и знаниях, как самыми ценными ресурсами.

Поэтому сербское государство, т. е. его правительство и государственные учреждения следовало бы реорганизовать по принципу реинжиниринга, т. е. введения радикальных и коренных перемен во все его институции. Реорганизация правительства, проведенная в начале этого года, некачественна, при чем не соблюдены основные критерии для структурирования отдельных государственных секторов. Так создано нефункциональное, громоздкое и недостаточно эффективное правительство и его институции.

Кажется, что спасение надо искать в отказе от централизма, который более или менее был практически применен в устройстве государства, и принять интегрированную децентрализацию, как самую эффективную модель современной организации. Это значит – задержать на уровне правительства самые жизненные государственные функции, а остальное делегировать уровню местных самоуправлений, которые были бы уполномочены, но и ответственны за решение местных проблем. Регионализация, предлагаемая отдельными политическими лидерами, не хорошее решение, так как она представляет только дислокацию или удвоение власти в нескольких регионах. Пример

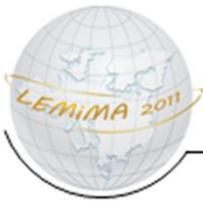


государственной организации Боснии и Герцеговины путем кантонов на самом деле является нефункциональным устройством, согласно которому в одном государстве существует несколько мини-правительств, которые зачастую самостоятельны и где нет сильного центрального органа (правительства), который воздействовал бы интегративно, связывал и артикулировал интересы всех кантонов. В общественный сектор, т. е. в общественные предприятия Сербии надо ввести профессионализацию управления общественным сектором, как изложено выше. В этом контексте необходимо провести реконструкцию руководящих комитетов, которые являются результатом политизации бизнеса и расчетов политических партий у власти.

## **ПРИОРИТЕТНАЯ ЗАДАЧА ПРАВИТЕЛЬСТВА – ОТМЕНА УПРАВЛЕНЧЕСКИХ КОМИТЕТОВ В ОБЩЕСТВЕННЫХ ПРЕДПРИЯТИЯХ**

Управленческие комитеты – пережитки прошлого, которые были актуальными в корпорациях в семидесятые-восьмидесятые годы прошлого века. О них в негативном контексте говорил П. Друкер, лучший знаток менеджмента в мире, подчеркивая, что управленческий комитет, или совет директоров, согласно американскому закону, считается правящим органом корпорации. Итак, в управленческих комитетах концентрирована самая большая власть, так как их составляют преимущественно акционеры с самой большой долей капитала, а председателем управленческого комитета часто является акционер, у которого самое большое количество акций. В традиционном смысле, эти органы формулировали политику, т. е. цель, которую надо осуществить, в то время как выработка стратегии, т. е. способов и инструментов для проведения политики, выполнялась топ-менеджментом или стратегическим менеджментом.

Все-таки, профессиональный менеджмент в развитых корпорациях уже больше 60 лет маргинализирует роль управленческих комитетов, т. е. уменьшает их мощь и независимость. Это последствие все более сложных условий ведения бизнеса, в котором необходимо обеспечить высокий уровень конкурентоспособности, т. е. поставлять возможно более качественный продукт, за возможно более низкую цену. В таких обстоятельствах управление капиталом нельзя было предоставить любителям, которые имеют право собственности над капиталом, которые частично ознакомлены с деловыми проблемами компании, встречаются 2-3 раза в год и, как правило, не принимают стратегические решения в связи с бизнесом. Исследования показывают, что в каждом отдельном деловом провале больших компаний в последние несколько десятилетий управленческий комитет последним узнал и понял, что дела в компании идут плохо, а когда это и произошло, этот орган ничего не был в состоянии предпринять, так как все



управленческие рычаги находятся в руках топ-менеджеров. Вместо управленческих комитетов, в таких ситуациях на сцену вступают профессионалы, компетентные для управления чужим имуществом, а это – менеджеры. П. Друкер утверждает, что в традиционных неправительственных или некоммерческих организациях должен существовать профессиональный и высоко развитый менеджмент. Он констатирует: "Американский Красный Крест – наверное самая большая неправительственная организация в мире и во всяком случае одна из самых сложных. Она ответственна за окончание мировых уничтожений; она руководит тысячами банками крови, так же как и банками костей и кожи в больницах; она в народе проводит масштабную подготовку в области первой помощи для сердечных и дыхательных проблем; и опеспечивает курсы первой помощи в тысячах школ. Эта крупная организация функционировала долгое время без оплачиваемого руководителя, но с избранием Р. Рейгана президентом государства эта организация ввела профессионального исполнительного директора (СЕО), который взял главные рычаги управления на себя. Короче, советы директоров были импотентны для проблем, происходящих в сфере бизнеса, и СЕО принял на себя многочисленные полномочия, традиционно принадлежавшие совету директоров, даже полномочие организовать совет директоров. Таким образом функции управления и руководства оказались в руках профессиональных менеджеров, которые главным образом формулируют цели и способы их осуществления, а общие собрания акционеров, или их советы директоров, расценивают их успешность в осуществлении прибыли, но и развитии компании. Если акционеры довольны, профессиональный менеджмент получает доверие для управления компанией и в следующем периоде, а если нет – данный менеджмент увольняется и ищется новый менеджмент.

## **АРГУМЕНТАЦИЯ ЗА ОТМЕНУ УПРАВЛЕНЧЕСКИХ КОМИТЕТОВ В ОБЩЕСТВЕННОМ СЕКТОРЕ**

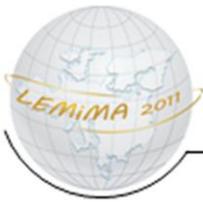
Из предшествующей части понятно, что роль управленческих комитетов все более второстепенная, и сводится главным образом к смене или назначению менеджмента, в то время как все жизненные функции в корпорации находятся в ведении профессионального менеджмента. Аргументация за отмену управленческих комитетов в общественных предприятиях заключается в том, что они не способствуют повышению деловой успешности этих предприятий, а наоборот, влияют отрицательно на их эффективность, что относительно хорошо видно из следующего:

- В Сербии общественные предприятия и общественные учреждения (больницы, образовательные, культурные, художественные и другие институты) не являются акционерными обществами, а функционируют на принципах государственной собственности. У любого общественного предприятия или общественного учреждения



есть свое компетентное министерство, которое формулирует цели и создает условия для их реализации, включая и финансовые средства, посредством бюджета. Государство, в качестве номинального собственника, путем указа назначает директора, который должен управлять общественной институцией и осуществлять цели, которые перед ним ставятся. Директор общественного предприятия или учреждения несет ответственность перед государством, т. е. министерством, за свое действие или бездействие. В целях осуществления возможно большей успешности директор должен быть профессионалом по управлению общественным предприятием или учреждением, а это значит, что у него есть знания, навыки и способности для управления общественным предприятием или учреждением, или какой-либо другой общественной институцией.

- Согласно сказанному, управленческий комитет в общественных предприятиях и учреждениях Сербии – лишний, и как таковой, он не способствует повышению успешности общественного сектора. Он в качестве института выведен из акционерных обществ, но в его максималистической форме "у него нет никакой ответственности, но есть большая мощь". Итак, управленческие комитеты в общественном секторе – пережитки прошлого, которые нередко мешают менеджменту успешно управлять доверенным ему учреждением. Оказывается, что управленческие комитеты принимают определенные решения, но они не ответственны за их успешность, а ответственность сваливается на директора, у которого есть управленческие механизмы в своем ведении. Пример общественного предприятия "Колубара" в известной афере подтверждает это, но и забастовка учителей в Сербии, когда недлежащие министерства попытались решить вопрос прекращения забастовки не посредством школьных комитетов, а посредством директоров, которые являются государственными служащими, назначенными для того, чтобы управлять школами. Так обстоит дело и в случае других общественных предприятий и учреждений.
- Управленческие комитеты разделены по политическим партиям и функционируют по принципам феодализации. Каждый член скорее следует голосу своего политического лидера и партии, которая его избрала в управленческий комитет, чем председателю управленческого комитета и вообще комитету, который должен функционировать как команда, считаться с интересами компании и государства как целого, а не частичными партийными интересами. Насколько абсурдно существование управленческих комитетов в общественном секторе, можно частично видеть и на основании того, что директор в совет школы (соответствует управленческому комитету в деловых компаниях) предлагает, сменяет и снова назначает членов совета (за исключением тех, кого назначает государство). Таким образом обеспечивается непрерывность в управлении общественным учреждением, даже когда директор не достигает успехов. С другой стороны, все решения, находящиеся в ведении управленческого комитета или совета, готовятся директором и его профессиональными службами, а органы управления являются только институтами, поддерживающими решения директора. Таким образом общественные предприятия и учреждения стали в самом деле частными предприятиями, в которых идеологические единомышленники осуществляют многочисленные льготы, или они действуют в интересах политической партии, назначившей их директором. Когда они больше не в состоянии, или когда откажут в повиновении, они уходят с места директора, а на их место вступают те, кто может лучше осуществить интересы партии у власти.



- Управленческие комитеты – большое бремя для общественных предприятий и государства, тем более что одна часть общественных предприятий приносит убытки, которые покрываются из бюджета, т. е. эти убытки покрывают налогоплательщики. Оказывается, что в Сербии в данный момент существует примерно 700 общественных предприятий и учреждений, с управленческими комитетами из 5-21 члена, которые встречаются 2-3 раза в течение года. Члены управленческих комитетов избираются по политической принадлежности и большое число их в профессиональном смысле никак не связаны с деятельностью общественного сектора. Они получают приличные выгоды, или дополнительные доходы, скорее в качестве вознаграждения за лояльность определенной политической партии, чем за работу и ответственность, которую несет рабочее место члена управленческого комитета. Поэтому, управленческие комитеты в Сербии существуют для того, чтобы удовлетворить аппетиты политических партий, а не для того чтобы улучшить эффективность общественного сектора. Отмена управленческих комитетов способствовала бы повышению успешности общественного сектора Сербии. С другой стороны, из штатного состава общественных предприятий или учреждений было бы удалено от трех до четырех тысяч людей, чем было бы сэкономлено около десяти миллионов динаров в год.
- Отмена управленческих комитетов в общественных предприятиях и других институтах было бы начальным знаком, что в Сербии созрело сознание о сокращении всех видов расходов, для того чтобы освободить экономику от огромных затрат, которые государство навязывает в целях поддержания собственной бюрократии.
- В таких обстоятельствах большее значение приобрел бы и менеджмент, который должен был бы пройти обучение по управлению общественными предприятиями или другими государственными институтами и учреждениями, так же как и непосредственная осведомленность соответствующих министерств (а не посредством и через управленческие комитеты).

Отмена управленческих комитетов в общественном секторе Сербии, как лишних, ненужных, даже вредных институтов, должно сопровождать введение высоко компетентных людей, подготовленных к управлению определенными сегментами общественного сектора. Это было бы продолжением менеджеризации всех структур экономики и общества, от правительства, затем местного самоуправления, общественных предприятий и учреждений, до других сегментов экономики и общества.

## **ЗАКЛЮЧЕНИЕ**

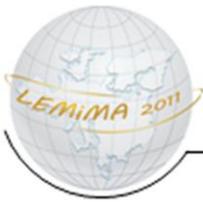
Анализ показал, что управление государством и его институтами – темная сторона современного менеджмента и организации. Оказывается, что в мире высокой компетенции менеджмент общественного сектора не получил место, которое ему принадлежит, хотя он как профессия обеспечил свое лидирующее место в управлении частными деловыми организационными системами. Очевидно, что профессионализация



общественного управления не потребность, а необходимость. Ее введением меняется традиционная организационная структура государства и покидаются классические концепции, прежде всего те, которые основывались на политизации, дилетантизму и неэффективности. Нехватка компетентного менеджмента лучше всего выражена в известной сентенции отца менеджмента П. Друкера, что общественный сектор "тоскует" по профессиональному менеджменту и развитой инфраструктуре, которая могла бы способствовать повышению успешности государства, общественных предприятий, то есть всего, что имеет при себе определение "государственное". Страны транзиции, в том числе и Сербия, в этом вопросе очень отстают. Здесь менеджмент как наука и профессия еще не приобрели значение, которое им принадлежит. Общественный сектор в Сербии идеологизирован и политизирован до такой степени, что назначение профессиональных менеджеров начальниками кажется очень трудным. Конечно, в Сербии есть образованные деловые люди в сфере бизнеса, с дипломами менеджерских факультетов, но они выполняют некоторые другие и, как правило, менее сложные дела, в то время как на местах топ-менеджеров находятся политики или люди из политической партии, к которой они принадлежат. Это является одной из главных причин недостаточной успешности общественного сектора, что отрицательно сказывается и на успешности других предприятий. Ответственность за некачественную организацию общественного сектора, недостаточное наличие менеджмента несет научная элита, занимающаяся менеджментом как наукой и профессией, которая не достаточно продвинула идею о введении качественного организационного устройства и потребность в обучении менеджеров для профессионального управления общественным сектором.

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## THE ROLE OF MANAGEMENT IN REALIZATION OF ECONOMIC, SOCIAL AND HUMAN RIGHTS

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### **Abstract:**

*This document could be summarized into a single description: "using management to improve the implementation of socio-economic and human rights." Why management, among the other things? Answer is in the very essence of this function in every organization where people work. Management is a social necessity, which evolves with the development of society itself, modernizes existing and introducing new features. One of these functions is the promotion of economic and social, and human rights.*

### **Keywords:**

*management, economic development, social and human rights*

## **INTRODUCTION**

Factors that determine management lies in the fact that it is a process aimed at achieving of set goals, to achieve these (and desired) goals based on the human resources in the organization. It is a process that covers all parts of the organization; in both profit and nonprofit organizations, and that it is a kind of technology of disposing limited resources. In simpler terms, the contents of each management function and role is the planning, organizing, and controlling the working process and its outcomes. Any organization as a subject of economic development within the state as a form of organized society, is composed of people who access it as free, primarily to meet their needs and interests under predetermined conditions of employment contract. They are not „means of production“, „nor funds in production“, they aren't input to transform into the final product according to the will of manufacturers and market demands, but they are capable, creative product manufacturers and operators of means (resources). People are, therefore, essential, necessary, integral part of the organization of society and the perpetrators of the roles and functions in the organization and its environment, while in the organization and outside of it



they are in different positions.<sup>9</sup> Therefore, management must be understood, practiced, and developed in accordance with the type of activity and characteristics of the organization and when there are some common grounds and features. This common, typical component of the relationship between owners, management, employees and government - the government, in which management is authorized by the owner agent to the perpetrators, and an environment that includes the state and its other entities.

## MANAGEMENT AND LEADERSHIP

Contemporary understanding of good managing emphasizes in the foreground concern for human potential, because human potential is what specifically contributes to the quality of achievement in all areas of human work. Such development determined desired profile of a good manager. He should no longer be a leader but a manager. What is the difference between management and leadership (managing), i.e. managers and leaders? Management and leadership are often in colloquial speech, and often in the literature, used as synonyms. In recent times, however, the specialist literature emphasizes a clear distinction. As the main criterion in their delimitation, the attitude towards people and their values is imposed. Management is mainly associated with the appearance of organizational life, such as planning, analyzing, organizing, financing, supervision, etc., while the leadership/management associated with humans, their behavior, work style, communication, motivation, etc. In highlighting the differences between managers and leaders often is stated that „the manager maintains systems, relies on control, looks at things in the short term, accept the status quo; the leader motivates, stimulates, gives the energy, looks at things in the long term and has the vision, causes and change the status quo.“ „Managing is carried out over things, leadership over people. The function of the management commands and controls, and function of managing is to explain the direction of changes and attract members of the organization to participate in the process of changes.“<sup>10</sup> Leadership means having enlightened vision of what institution is and what can become, but the ability of directing others to embrace that vision. Successful management is just one of many skills that a good manager should have. Managers follow regulations and the policies of superiors, and while leaders follow their personal intuition and encourage innovation. While managers are rational, leaders are emotional. Managers incline to traditional solutions, the leaders shy away from them. While manager government people seeking obedience, people follow leader at their choice. Manager uses formal procedures

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<sup>9</sup>Mehmed Avdagić, *Osnove i teorije menadžmenta*, Sarajevo, 2010.

<sup>10</sup> Middlehurst, R., Elton, L. (1992) *Leadership and management in higher education*. Studies in Higher Education, 17: 3, 251-264.



and rational methods, while leader set things in motion and incite passion.<sup>11</sup> Management and leadership are different, but both are important. The challenges faced by modern organizations include the full reality of management, and commitment to prudent conducting towards the attractive vision.<sup>12</sup> Discussions about the difference between management and leadership/management preoccupied and still preoccupy theorists of organizations. Some claim that management and leadership are inseparable; the other says those are two independent things but with complementary concepts, while a third believes that leadership is only one of the management areas. Still, the attitude on the transfer of the essence to leadership prevails.

## DEVELOPMENT FUNCTION OF MANAGEMENT

Social environment, depending on the achieved level of social development, is the source of social knowledge and skills, which is an important basis of social powers through the application and its important demonstration. The origin of management lies in the power and usefulness of human social skills, because managing, on the one hand, and the knowledge and skills, on the other, inevitably interweaved. People individually and human society are developing, which means that, over time, reach different levels of development - knowledge, skills, abilities,<sup>13</sup> power and influence, various types of organization and a variety of ways and properties of management. In this sense, **management** is only one form and one phase of development management of social processes, primarily the management of the specified action

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<sup>11</sup> Green D. Lee MY. Lim AC. Chmiel JS. Vetter M. Pang T. Chen D. Fenton L. Yarkony GM. Meyer PR Jr. *Prevention of thromboembolism after spinal cord injury using low-molecular-weight heparin*. Annals of Internal Medicine. Str. 113, 1990 Oct 15.

<sup>12</sup> Bolman, L. G., & Deal, T. E. (1997). *Reframing organizations* (2nd ed.). San Francisco: Jossey-Bass.

<sup>13</sup> Learning, Education, Training and Development - CES-Finnish Cooperation in the Education Sector of Bosnia and Herzegovina, Pedagoški zavod Tuzla, "Obuka trenera iz demokratskog školskog menadžmenta," maj-jun 2005, Internet, [www.effectivevtraining.org](http://www.effectivevtraining.org).

James AF Stoner, R. Edward Freeman, Gilbert, Jr. Daniel R., "Menadžment", Želnid, Belgrade, 2002, pp. 344-364.

Gordana Milosavljevic, "Trening i razvoj", Beograd, 2008, pp. 61-72: "Specificity for education is the effect on people, their abilities and character by creation, selection, interpretation and transfer of knowledge, skills and awareness through the formation of habits, beliefs and convictions."

Also, ,,... The usual or the most common classification of education according to the criteria of content: general, general professional, close professional, specialist and expert. ... *General professional* education is the broadest educational basis of a profession. This is a link that connects the general education to the general theories, laws and principles that apply within a single profession. ... *Expert knowledge* is the most narrow expertise in volume but the highest level in a scientific field."

Training in the organization – The same, 70-72: - „The training is a part of the development process, which employees innovate knowledge and skills needed to accomplish these tasks and still is an investment, providing expertise for future tasks“.



of organizing people.<sup>14</sup> However, human life and the life of societies and of human society taken as a whole takes place in many areas of life and activity, including the area of organized labor - a creative work is just one area that has clear terms and expressed properties. It is in this field, the field of industrial production, there is a specific form of management<sup>15</sup> as a specific form of managing. Aspirations of a management as the structure that manages the organization lies in the fact that current and potential abilities of members of these organizations - human resources must be used as much as possible to achieve the objectives of the organization (company) and that immediate, live, human labor is replaced by technical - technological inventions as much as possible. The era of automation, robots, electronics and lasers proves. Indeed, the scientific - technological progress greatly humanizes the work in the sense that it reduces the physical risk and effort, but tremendously accelerates the production process, increases the consumption of resources in total quantity and increases the possibility of the work and behavior of employees. In addition, it is the obligation of the strategic management to include the entire collective in the design of successful organization. "Ignoring this fact can lead managers in the situation that the collective, despite the good will, does not understand them and that something like that become one of the reasons for failure. Involving collective in creating organization is not just a need, but also managerial wisdom. The organization is created for people, but no one can create it more effectively than employees who spend their lives in one organization."<sup>16</sup>

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<sup>14</sup> See: *Upravljanje ljudskim resursima i upravljanje organizacionim promjenama*, u: Stoner Džejsms A.F., Friman

R.Edvard, Gilbert, Jr. Daniel R., „Menadžment“, Želnid, Beograd, 2002, str. 344-370, 378-386.

Vidjeti o upravljanju strateškim pozicijama: Mašić Branislav, „Strategijski menadžment“,

Univerzitet „Braća Karić“, BK

Institut, Beograd, 1996, str. 35-37.

<sup>15</sup> Since the mid of 18<sup>th</sup> century as forerunners of modern management are Robert Owen (1771-1858), Charles

Babbage (1792-1871), Daniel McCallum (1815-1878), who has done much to motivate workers and applying of their inventions. For example, R. Owen has been developing the motivation of workers evaluating each day workers outcome by emphasizing certain colors on a piece of wood on a worker's machine: black - poor; green - good, yellow - very good and white - great performance. Other authors, for example C. Babbage, back in 1922, first invented and show the world a mechanical calculator, and later the first computer that had all the elements of today's computers. In the area of management, Babbage proposed a profit sharing plan, where part of wages depended on the profits realized by factory.

<sup>16</sup> Života Radosavljević i Radovan Tomić, „Menadžment u modernom biznisu“, Novi Sad – Privredna akademija

2006. godine, str. 195.



## **AFFIRMATION OF ECONOMIC AND SOCIAL HUMAN RIGHTS**

The focus of modern development encompasses the entire corpus of human rights, civil and political, and economic, social and cultural rights. All of these rights, regardless of their content, are based on two principles: the principle of equality between women and men and the principle of non-discrimination on any ground such as sex, language, religion, political commitment and national, ethnic, or social origin. The concept of development based on human rights integrates norms, standards, and principles of international human rights system into the plans, policies, and processes of development, which are placed in numerous international documents. Development based on human rights demands to determine the levels of responsibility for the process of identifying the entities, the holders, and the responsible entities. In this respect positive obligations (to protect, enhance and secure) and negative obligations (to abstain from violations) are equally taken into consideration. Subjects of responsibility are individuals, states, local governments, private companies, donors, and international institutions. Instead of providing aid, the conception of development based on human rights gives priority to training strategies. It relies on right holders who are those that drive development. Therefore, the emphasis is on human beings as the center of the development process. The goal is to empower people to create their own lives and their communities. Therefore, such a development concept calls for participation of local and regional communities, civil society, minorities, women, and other subjects. This presupposes access to information, institutions, decision-making, and creation of economic and other policies. The concept of development based on human rights implies that the creation of economic development arises from the creation of conditions that will provide enjoyment and protection of economic, social, and cultural rights, and therefore, the civil and political rights.

This group of rights includes:

- The right to work and employment and fair compensation;
- The right to fair and favorable working conditions;
- The right to protection in the workplace, including the right to strike and association and participation in trade unions;
- The right to social justice, including the special protection of mothers and children, health and social insurance, pension insurance, social assistance, etc.
- The right to access to means of production: land, capital, credit, infrastructure, technology and equipment;

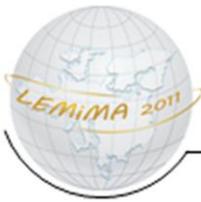


- The right to a decent standard of living and quality of life, including nutrition, access to drinking water and adequate housing;
- The right to health: the right to basic health cares and conditions to lead healthy life, including reproductive and sexual rights;
- The right of persons with special needs (disabled persons);
- The right to education and further education;
- The right to participate and gain the benefits of science and research
- The right to participate in cultural and artistic life

The fact is that the realization of economic, social and cultural rights is largely dependent not only on the will of the state, but also on its economic development and available resources. In this sense, these rights are “long term” and cannot be achieved at once or in the short term. However, this does not relieve the state of obligation to act in this field. Although the degree of implementation of these rights depends on the economic development of countries, all countries, regardless of their level of development, must provide to its citizens at least minimum rights guaranteed by the International Covenant on Economic, Social and Cultural Rights.<sup>17</sup> When we talk about organizations in which people perform their daily tasks, then we should especially underline that it is precisely in those institutions many of their rights are created. The organization needs to understand better what people want, to try to consult them and let them feel that managers really care about them. In addition to the individual, there are a group approaches to designing jobs. Thus, instead of one, more task assignments assigned to employees within the integrated working groups, and determine purpose of autonomous working groups, and the employees themselves determine the work tasks, holidays, etc. Managers and management style are also very important factors of building a comprehensive motivational system, because they by understanding what people want, significantly influence their organization and operation of the employee’s motivation. In the area of management style, democratic style has the highest motivating potential as managers realize that strengthening their co-workers they strengthen themselves. Participation as the degree of participation of employees in decision-making on important aspects of the business significantly influences the raising employee motivation, and overall development of creative potential of people, improving the quality of decisions, and overall organizational success.

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<sup>17</sup> <http://www.fes.ba/publikacije/2010-12-EU-monitoring-O-ekonomskom-.pdf>



Management by objectives is an important strategy in modern management in raising motivation, quality of decisions, human resources, and flexibility and responsiveness to changes in the environment. This is approach that set organizational, departmental and individual goals, which are the basis for establishing action plans for their implementation, monitoring, evaluation and rewarding performance through cooperation and participation of all stakeholders. This will identify areas of accountability and standards of behavior for each unit, with periodic transferring those goals into measurable, time-specific goals. Those are very important for employee motivation and other non-material motivation strategies, such as flexible working hours, recognition of success, feedback to the employee for its work, and organizational culture of companies. One of the biggest problems is the resistance of the workers themselves who often do not believe that the system of incentive compensation is objective and honest. It is therefore an important condition of success of incentive compensation to gain the trust of employees in that system, a necessary condition is that they are well informed. Thus, for example, salary system should be supplemented by a well-designed job, not to be compensation for a bad design job. Very widespread motivation mechanisms are security and continuity of employment, awards, promotion, greater informality and social equity, removing the formal, functional status and barriers to communication, and others. In other words, maximal affirmation of the individual - human and common - social rights. Search for the opportunities to increase motivation and interest for the development of the employee organizations has led to a complete reorganization, changes in climate and culture and relations in modern enterprises, which can be further attributed to another function of management, which is creating the conditions for the promotion and development of economic and social - human rights of employees.

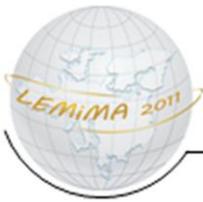
## **RESUME**

Management, the overall economic development of society, and integration of world economy and the economy certainly is evolving and its functions take on some new qualitatively contents. The fact is that modern business increasingly not tolerates any discrimination against people as individuals, or endangering human and social rights. If that happens, then the administration of companies and its managements assume the risk of conviction of a wider social and international environment, and the market does not accept such companies any more. Therefore, it becomes very questionable "the cost" of such processes, and more attention in modern business and progress of work processes and activities is dedicated to human resources and work force as a creative source of economic power and competitiveness. This results in a completely new approach to promotion of social and human rights of employees whose knowledge is increasingly becoming the working capital of modern companies. That is why the function of management as a generator of affirmation of economic, social and human rights of employees is becoming necessity of modern business and economic trends.



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## ИННОВАЦИОННО–ОРИЕНТИРОВАННОЕ ЭКОНОМИЧЕСКОЕ РАЗВИТИЕ: РАЗРАБОТКА МОДЕЛИ И БАРЬЕРЫ В УКРАИНЕ

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### **Аннотация:**

*Проведен анализ отдельных теорий и моделей экономического роста. Разработана модель инновационно-ориентированного экономического развития, включающая такие факторы как инновационность экономической, научной и научно-технической деятельности. Рассмотрены основные барьеры препятствующие реализации инновационной экономики в стране на основе анализа Глобального индекса конкурентоспособности WEF и национальных показателей инновационной активности промышленности. Показано, что базой для экономического развития в Украине должна быть государственная политика направленная на развитие высокотехнологичных, наукоемких и финишных производств.*

### **Ключевые слова:**

*инновационная экономика, экономический рост, экономическое развитие, конкурентоспособность, конкурентоспособность промышленности, инновации*

### **Вступление**

В Украине переход к рынку пока недостаточно влияет на решение социально-экономических задач и улучшение качества жизни человека. Особенно показательны межстрановые сравнения. Например, в долгосрочном периоде 1990-2008 гг в Украине к 2008 году ВВП сократился на 20%, в то время как в Польше увеличился почти в два раза. Мировой экономический кризис еще более ослабил позиции Украины. Так, по данным Всемирного банка в 2008 году уровень валового национального дохода (НД) на душу населения по паритету покупательной способности в Украине составил 7270 международных долларов и превышал аналогичный показатель в КНР — 6280 долл., то по итогам 2009 года в нашей стране он составил 6180 долл., а в КНР — 6890 долл. По абсолютному НД на душу, пересчитанному по официальному обменному курсу национальных денежных единиц к доллару США, разрыв еще больше: 2800 долл. в Украине и 3650 — в Китае.

Приведенные показатели свидетельствуют о недостатках в формировании и реализации механизмов инновационно-ориентированного развития экономики, являющегося в современных условиях базой для качественного экономического роста. Поэтому для Украины, как и других стран с переходной экономикой, усиливается актуальность определения факторов экономического роста и экономического развития для создания стратегий и конкретных путей в сфере рыночных преобразований, как на макро, так и на микроуровне, в которых приоритетом является сбалансированное решение социально-экономических задач.

Цель работы состоит в кратком анализе методологических подходов к формированию моделей экономического роста и экономического развития, разработка модели инновационно-ориентированного экономического развития, включающей такой фактор



как инновационность экономической, научной и научно-технической деятельности и выделение основных барьеров препятствующих реализации инновационной экономики в Украине.

### **Модели экономического роста и экономического развития**

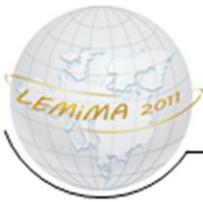
Категория экономического роста является важнейшей характеристикой общественного производства. В самом обобщенном виде экономический рост - это количественное и качественное изменение результатов производства и его факторов за определенный период времени, причем решающее влияние на темпы экономического роста оказывает рост производительности труда.

В Украине, как и в других странах СНГ активно используются известные теории и модели экономического роста Р. Харрода и Э. Домара, учитывающих фиксированное отношение между величинами труда и капитала, используемых в производстве, Р. Солоу, применившего в модели экономического роста переменный коэффициент капиталовооруженности труда и дополнительный параметр, характеризующий технический прогресс, Солоу-Свена, с выявленными ими основных факторов экономического роста, в частности, выводом о том, что длительное повышение уровня жизни может иметь место только в результате научно-технического прогресса, Денисона, разработавшему классификацию факторов экономического роста из 23 факторов. Особое внимание уделяется исследованиям Р. Лукаса, Г. Мэнкью, Д. Ромера и Д. Уейла, П. Ромера, в результате которых появилась "новая теория экономического роста", основные идеи которой посвящены моделированию влияния факторов инновационной деятельности на технологические сдвиги с учетом накопления человеческого капитала, влияния несовершенной конкуренции и т.д.

Вместе с тем при исследованиях связанных с практическим применением некоторых из перечисленных моделей для сравнительных расчетов экономического роста Республики Беларусь в период с 1995 по 2005 гг. выявлены определенные ограничения, в том числе и в результате недостаточности статистической информации по ряду показателей [1]. Подобные проблемы определены и в Украине при исследовании связи между темпами экономического роста и объемом человеческого капитала, в связи с чем сделано предположение, что оценка человеческого капитала при построении моделей роста только по образовательным показателям значительно искажает ситуацию [2].

Поэтому количественные модели оценок экономического роста и факторов экономического роста, в том числе для стран с переходной экономикой, продолжают развиваться. Среди них отметим разработанную аналитическую модель экономического роста, в которой факторами роста являются как параметры совокупного спроса, так и параметры совокупной предложения [3], а также модель оценки макроэкономического инновационного развития с использованием таких комплексных групп показателей, как конкурентоспособность продукции, технико-технологическое состояние производства и инновационный потенциал развития [4].

Достаточно известны методологические подходы и к формированию качественных моделей экономического роста и экономического развития. В работе [5] экономический рост определяется как количественное расширение масштабов экономики, а экономическое развитие как необратимый направленный процесс количественного роста



и качественного развития экономики, и вполне справедливо утверждается, что экономическое развитие необратимо, а рост обратим.

Подобная концепция представлена и в работе [6], где экономический рост характеризуется ростом общественного продукта и может не вести к улучшению условий жизни населения, а экономическое развитие является логическим продолжением экономического роста и основывается на появлении новых технологий и новшеств, сфер сбыта, факторов, ресурсных ограничений, изменении целей, качественных изменениях структуры экономики и сопровождается ростом благосостояния населения. Но многие теоретические и практические аспекты этой проблемы, в частности, факторы экономического роста, их содержание и действие остаются недостаточно изученными.

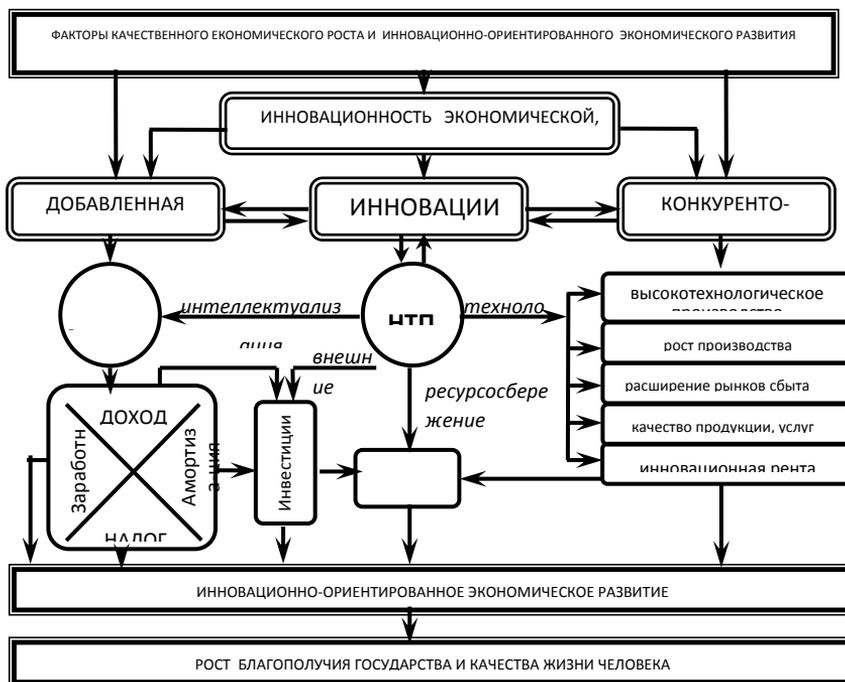
Модель экономического развития Украины в условиях открытости для внешних связей [7] включает комплекс таких параметрических характеристик как: культурные ценности, общественные интересы и политические цели общества; имеющиеся и потенциально доступные ресурсы развития, включающие кроме известной триады факторов роста (земля, капитал, труд) такие как интеллектуальный, человеческий, культурный и социальный капитал, а также ряд преобладающих компонентов и тип перманентного взаимодействия в процессе организации между различными уровнями социально-экономической системы. В модель включены факторы глобального движения ресурсов и их связь с национальными ресурсами развития, а также такие глобальные институты как - транснациональные компании, глобальные системы регулирования и общечеловеческие ценности. Данная модель в целом детально отражает назначение и взаимодействие ключевых факторов в экономическом развитии страны в условиях мировой хозяйственной системы. Однако в них недостаточно заложены ориентиры для государственного аппарата, власти и делового сообщества в части перевода экономики страны на инновационно-ориентированный путь развития и вывода ее на траекторию быстрого и устойчивого роста на передовой технологической основе.

### **Разработка модели инновационно-ориентированного экономического развития**

В модели инновационно-ориентированного экономического развития [8] ключевыми факторами роста вместе с традиционными являются инновационность экономической, научной и научно-технической деятельности, научно-технический прогресс, конкурентоспособность и добавленная стоимость. Согласно модели конкурентоспособность экономики базируется на систематизированном применении достижений научно-технического прогресса, который отражает мировые знания, непрерывно обновляются, на повышении эффективности производства с использованием структурной перестройки экономики, увеличении производства товаров и услуг с высокой добавленной стоимостью, на интеллектуализации и интенсификации трудовой деятельности, что вообще приводит к повышению общественной производительности труда. В результате реализации стратегии инновационно-ориентированного экономического развития возрастает благополучие государства и улучшается качество жизни человека. Благополучие государства характеризуется такими социально-экономическими критериями, как доход на душу населения, средняя продолжительность жизни, политическая свобода и стабильность, семейная и общественная жизнь, климат и равноправие полов.



Под дефиницией инновационности всех видов деятельности мы понимаем: экономическую деятельность— совокупность действий на разных уровнях хозяйствования включающих производство и обмене материальными благами или услугами для удовлетворения потребности людей, научную деятельность — интеллектуальную творческую деятельность в форме фундаментальных и прикладных научных исследований, направленную на получение научными методами новых знаний их обобщение, систематизацию, распространение и применение и научно-техническую деятельность —интеллектуальную творческую деятельность, направленную на получение и практическое использование новых знаний во всех областях техники и технологий посредством выполнения научно-исследовательских, опытно-конструкторских, проектно-конструкторских, технологических, поисковых и других работ. Указанные виды деятельности включают и инновационную деятельность, к которой согласно формулировки в [9] относятся не только "все научные, технологические, организационные, финансовые и коммерческие действия, реально приводящие к осуществлению инноваций или задуманные с этой целью" но, кроме того и "исследования и разработки не связанные напрямую с подготовкой любой конкретной инновации". В данной работе модель инновационно-ориентированного экономического развития усовершенствована посредством введения в нее одного из ключевых результатов инновационности экономической, научной и научно-технической деятельности – инновации, Рис.1. В современной методологии, инновация - это «введение в потребление какого-либо нового или значительно усовершенствованного продукта (товара или услуги) или процесса, нового метода маркетинга или нового организационного метода в практике бизнеса, организации рабочих мест или внешних связей» [9].



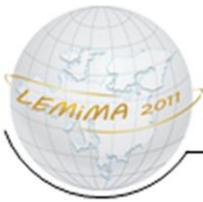


Рис. 1 Модель инновационно-ориентированного экономического развития

В США инновационность означает свойство индивида или иного субъекта внедрения принимать новые идеи относительно других членов системы, а степень инновационности и распределение членов системы по категориям внедрения, определяется затраченным временем до момента внедрения инноваций. При исследовании инновационности организаций было выявлено кумулятивное распределение внедряющих организаций, обычно образующее S-образную кривую [10].

К важнейшим факторам исследуемой категории относится человеческий капитал, стимулирующий не только производственные, но и общественно-функциональные инновации, которые в не меньшей степени способствуют долгосрочному экономическому росту. Ключевыми критериями инновационности экономической, научной и научно-технической деятельности, являются эффективность национальной инновационной деятельности и национальной инновационной системы, масштабность и результативность научной и научно-технической деятельности в производстве знаний и создании конкурентоспособных нововведений и инноваций, уровни интеллектуального капитала и национального инновационного потенциала, скорость передачи знаний из научной среды в производство, конкурентоспособность промышленности и национальная конкурентоспособность в глобализованном мире. Разработка и использование комплексного индикатора уровня инновационности экономической, научной и научно-технической деятельности особенно актуальна для государств с переходной экономикой.

### **Основные барьеры препятствующие реализации инновационной экономики в Украине.**

Анализ барьеров проведем с использованием Глобального индекса конкурентоспособности (ГИК) стран Всемирного Экономического Форума (ВЕФ) (World Economic Forum) [11], которые признаны в мире и отражают возможности стран и их государственных институтов, предпринимательской среды и финансовых учреждений в реализации внешнеэкономической деятельности и на принятие решений в этой сфере. Автором показана высокая информативность ГИК в работах [12]. Согласно ГИК 2010-2011 гг. Украина размещена на 89 месте, тогда как в 2008-2009 гг. занимала 72-ю позицию, а в 2009-2010 82 место, Табл.1. В целом Украина значительно отстает от развитых стран ЕС, у которых рейтинг существенно выше, и ниже стран Центральной и Восточной Европы, которые недавно вступили к ЕС. Сравнивая между собой три субиндекса, формирующие ГИК, можно увидеть, что наиболее низкие позицию Украина занимает по субиндексу «Факторы базовых требований», в то время как лучшие показатели по другим субиндексам – по «Усилители эффективности» 58-ое и 72-ое места и по «Инновационный потенциал» - 66-ое и 88-ое (Табл.1).



Табл.1 Позиции Украины в Глобальном индексе конкурентоспособности в 2006-2009 гг.\*

Год и количество стран в	Глобальный индекс конкурентоспособности	Субинд. 1- факторы базовых	Субинд. 2- факторы усилителей эффективности	Субинд. 3- факторы инноваций и	Качество институтов	Инфраструктура	Макростабильность	Охрана здоровья и начальное образование	Высшее образование и профес. подготовка	Эффективность рынка товаров и услуг	Эффективность рынка труда	Развитость финансового рынка	Оснащенность новыми технологиями	Размер рынка	Уровень развития бизнеса	Инновационный												
																	Субинд. 1			Субинд. 2				Субинд.3				
																	Номера составляющих ГИК											
																	1	2	3	4	5	6	7	8	9	10	11	12
1	73	90	66	75	115	77	82	74	53	101	65	85	93	26	81	65												
2	72	86	58	66	115	79	91	60	43	103	54	85	65	31	80	52												
3	82	94	68	80	120	78	106	68	46	109	49	106	80	29	91	62												
4	89	102	72	88	134	68	132	67	46	129	54	119	83	38	100	63												

\* 1. 2007-2008 pp. 131 страна 2. 2008-2009 134 страны, 3. 2009-2010 133 страны 4. 2010-2011 139 стран.

В 2009 г. Украина потеряла свои позиции по всем трем субиндексам. В докладе проводится более детальный анализ составляющих ГИК по степени их влияния на конкурентоспособность Украины в 2009 году. К наиболее развитым составляющим относятся - размер рынка (составляющая 10), высшее образование и профессиональная подготовка (составляющая 5), эффективность рынка труда (составляющая 7). Средние позиции Украина занимает по инфраструктуре (составляющая 2), охране здоровья и начальному образованию (составляющая 4) и инновационному потенциалу (составляющая 12) несмотря на малые инвестиции в научные исследования, особенно со стороны бизнеса и недостатки в сотрудничестве между университетами и промышленностью в исследованиях. К этой группе мы также отнесем и оснащенность новыми технологиями (составляющая 9), отражающей скорость, с которой экономика перенимает существующие технологии для повышения производительности своих секторов. Слабые стороны конкурентоспособности экономики Украины—это: качество институтов (составляющая 1), макроэкономическая стабильность (составляющая 3), эффективность рынка товаров и услуг (составляющая 6) и развитость финансового рынка (составляющая 8). В 2009 году в Украине еще более снизилась конкурентоспособность бизнеса (составляющая 11), которая влияет на повышение уровня эффективности при производстве товаров и услуг и на увеличение производительности труда.

Отметим, что в целом конкурентоспособность экономики обусловлена темпами инновационного развития экономики, поскольку практически все составляющие ГИК влияют на активизацию и результативность инновационной деятельности в стране. Выявленное снижение конкурентоспособности экономики Украины по данным ВЭФ в 2008-2009 годах подтверждается некоторыми показателями инновационной активности промышленности, которые свидетельствуют о ее конкурентоспособности, Рис.2.

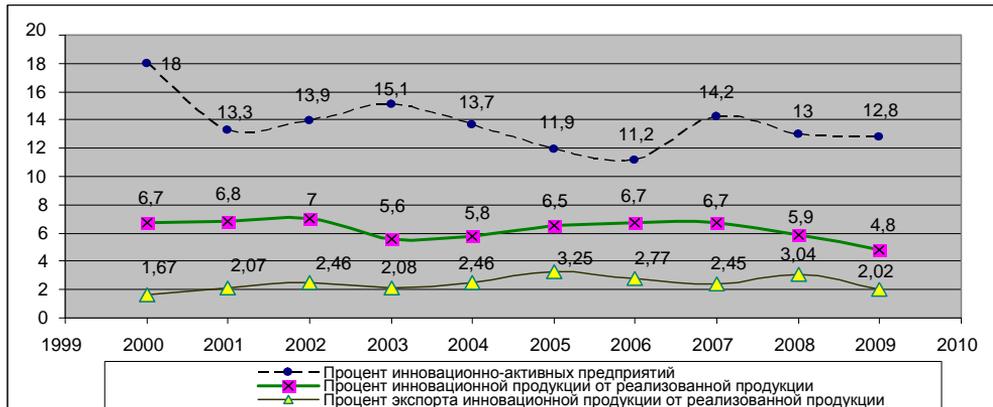


Рис.2 Показатели инновационной активности промышленности Украины

Так в указанный период по сравнению с 2007 годом число инновационно-активных предприятий уменьшилось на 1,4%, реализация инновационной продукции снизилась на 1,9 %, а экспорт инновационной продукции составил всего 2,02 % от объема реализованной. Для повышения конкурентоспособности промышленности важно увеличивать требования к инновационной составляющей исследований и разработок, оценивать возможности и целесообразность использования ожидаемых результатов уже на начальных стадиях исследовательских проектов, максимального увеличивать вклад отечественных технологий в социально-экономическое развитие страны, ориентировать структурную экономическую политику на развитие высокотехнологичных, наукоемких и финишных производств.

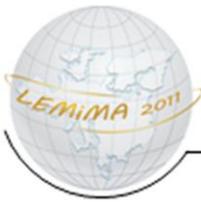
## Выводы

В Украине для повышения темпов инновационно-ориентированного экономического развития достижения высоких показателей роста производительности труда и доходов населения имеются такие конкурентные преимущества как высокое качество человеческого капитала, развитый научный, научно-технический и инновационный потенциалы, развитая производственная инфраструктура, низкая цена рабочей силы, достаточный уровень комплексности развития территорий и многие другие.



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# ANALYTICAL FRAMEWORK FOR MEASURING EFFECTS OF FLEXICURITY

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## **Summary:**

*The purpose of this paper is to present and discuss the project scope, methodology and expected results in order to share different views and dilemmas on the issue. We aim to get response from other researchers to improve the idea and to enhance the scientific and professional value of the analysis. In the paper the concept of flexicurity is presented first, followed by relevant research questions of the project. Finally, we present in detail the proposed methodology and data.*

**Keywords:** *flexicurity, productivity, empirical analysis, project proposal, Slovenia*

## **INTRODUCTION**

The concept of flexicurity presents a response to changes in national economies due to globalization processes, rapid technology development, demographic aging and labour market segmentation. The quest for balance between flexibility and security in the labour market is today in the core of the European employment agenda as being fundamental for maintaining and improving productivity and competitiveness while reinforcing European social model.

On its course to a market economy, Slovenia introduced deep labour market reforms, gradually changing the balance in favour of greater flexibility while simultaneously enhancing worker security. The key change was accomplished in the early 1990s, when Slovenia, as part of its transition reforms, abolished absolute job security that prevailed under workers' self-management. It has since then introduced various elements both on flexibility and security fronts, in line with the European model of social protection (Vodopivec, 2004). Subsequent changes include relaxation of various aspects of employment protection legislation (EPL), including regulation of hiring, firing and working hours; strengthening the support to the unemployed, although unemployment benefit generosity was reduced in 1998 and then again increased in 2011; and the introduction of a minimum wage in 1995 (minimum wages bolster institutional structure of the labour market and are, therefore, also considered in this proposal, although they are usually not included under the battery of flexicurity instruments).



To shed light on the above issues, we prepared a project in order to investigate the effects of key changes in labour market regulations on labour market outcomes and productivity in Slovenia. We are focusing on three policy areas: (i) employment protection, (ii) minimum wages, and (iii) unemployment benefits. In these areas, past changes introduced by Slovenian policymakers provide an opportunity to identify the effects of these changes on key variables of interest. In contrast, in the areas of active labour market policies and lifelong learning – the areas that are usually also associated with flexicurity – the changes introduced by Slovenia were less pronounced, or the evaluation of such policies calls for a different methodology than the one selected in this proposal, and thus these areas are not included in the current proposal.

## THE CONCEPT OF FLEXICURITY

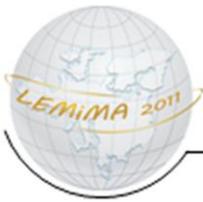
The concept of flexicurity was first employed in Netherlands in the mid-1990s, in the context of labour market reforms; however, today we often link it to the Danish »golden triangle«. The latter presents a prime example of a well-functioning flexicurity arrangement. The model combines a high degree of occupational and geographical job mobility due to low employment protection, comprehensive social security for the unemployed and active labour market programmes aimed at skill improvement and activation of unemployed (OECD, 2004).

As the flexicurity is relatively new term and, consequently, the literature is still developing, there is no universal definition of it. Nevertheless, we can find several (partially overlapping) definitions of flexicurity, within which three understandings can be identified (see Wilthagen and Tros, 2004; Madsen, 2006):

- as a *policy strategy* that synchronically and in a coordinated way enhances the labour market flexibility and security (employment and social), especially for weaker groups in the labour market;
- as a *state of labour market* that includes a degree of job, employment, income and combination security and a degree of numerical (both external and internal), functional and wage flexibility; and
- as an *analytical tool* that can be used to analyse developments in flexibility and security and to compare national labour market systems.

In the EU policy discourse, pursue for balance between flexibility and security has been present since 1993 and is especially evident within the European Employment Strategy (Tros, 2004). As it is stated in the Council Decision (2003/578/EC) on the revision of the Employment Guidelines, “providing the right balance between flexibility and security will help support the competitiveness of firms, increase quality and productivity at work and facilitate the adaptation of firms and workers to economic change.” The EU addressed the issue of flexibility and security more explicitly (by using the term flexicurity) in 2006 at the Informal Meeting of Ministers for Employment and Social Affairs. Since then it has come to the forefront of the European employment agenda.

The European Commission (2007) defined flexicurity as “an integrated strategy to enhance, at the same time, flexibility and security in the labour market.” The latter should not be perceived



as contradictory, but as complementary and mutually supportive. The rationale of flexicurity is therefore to increase the adaptability of enterprises and workers in order to cope with quickly changing economic environment and to reduce labour market segmentation.

According to the European Commission (2007) the flexicurity policies can be designed and implemented across four policy components:

- *flexible and reliable contractual arrangements* through modern labour laws, collective agreements and work organisation;
- *comprehensive lifelong learning strategies*;
- *effective active labour market policies* that help people cope with rapid change, reduce unemployment spells and ease transitions to new jobs; and
- *modern social security systems* that provide adequate income support, encourage employment and facilitate labour market mobility.

Economic analysis confirmed that these four components can be mutually supportive, and improve employment, at-risk-of-poverty rates, and human capital (see European Commission, 2006). However, it should be noted that crucial preconditions for developing flexicurity and making it work are supportive, productive and well-established social dialogue, mutual trust and highly developed industrial relations (see European Expert Group on Flexicurity, 2007).

In order to facilitate national debates and to assist Member States to implement concrete policies and strategies of flexicurity, by taking into account their specific situations and challenges, the European Commission (2007) proposed eight common principles of flexicurity. Moreover, to avoid giving specific recommendation to each of the Member States individually, the European Commission identified typical challenges on the way to flexicurity faced by several EU Member States. On the basis of this, it shaped four pathways to flexicurity (European Expert Group on Flexicurity, 2007):

1. tackling contractual segmentation;
2. developing flexicurity within the enterprise and offering transition security;
3. tackling skills and opportunity gaps among the workforce; and
4. improving opportunities for benefit recipients and informally employed workers.

Still, these flexicurity pathways should be pursued in a wider context of sound macro- and microeconomic policies and embedded in a wider framework of labour market regulation and employment rights (European Expert Group on Flexicurity, 2007).

Although the Council of the EU in 2009 concluded that flexicurity presents an important tool for managing the employment and social impacts of the crisis and for preparing the EU for the economic upturn, the concept of flexicurity within the EU is today put to the test. Namely, the crisis could cause that the EU Member States would not perceive flexicurity as a solution to their labour market situation, especially not in the light of increasing unemployment and tightening of government's budgets. As stressed by the European think tank Bruegel (2009), the European Commission would have to make an important policy choice: whether actively promote the flexicurity agenda against all the odds or whether to shift emphasis and attempt to develop a less controversial agenda based on longer-term challenges such as ageing and migration.



## RESEARCH QUESTIONS

To shed light on labour market and productivity effects of flexicurity arrangements introduced by Slovenia since the early 1990s, the proposed research focuses on policy changes in the following three areas:

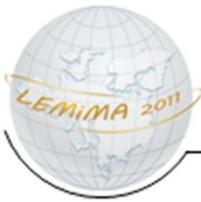
- employment protection legislation,
- minimum wages, and
- unemployment benefits.

In each of these areas, significant policy changes described above offer viable strategies to identify their impact on key variables of interest, including productivity – see the methodology section below.

We will focus on the following effects:

1. **Worker and job flow effects:** What is the impact of the above policy changes on worker and job flows? On the worker flow side, aggregate accessions, separations, total worker reallocations and excess worker reallocations will be examined. We will also investigate more detailed flows including job-to-job, job-to-unemployment, job-to-inactivity, unemployment-to-job, and inactivity-to-job. On the job flow side, we will measure net job creation by new and existing firms and job destruction by exiting and continuing firms. The level of observation will be the firm for aggregate flows and the worker for transition probabilities. We will further disaggregate the transition rates by skill level to examine if minimum wages restrict job opportunities for the new market entrants and the least educated.
2. **Wage effects:** What is the impact of the above policy changes on wages of various groups of workers – and on the overall wage distribution?
3. **Productivity effects:** What is the impact of policy changes aimed to boost flexicurity on the level and growth of multi-factor productivity and labour productivity of firms?

The Slovenia data is incredibly rich and detailed. We will have access to the complete employment and wage histories of all workers for all formal sector firms in Slovenia over the 1991–2010 period. We will also be able to match employees with their employers, allowing us to estimate the effects of policies on employment and earnings on the worker side and simultaneously on productivity and profitability on the firm side. Among the unique possibilities of such data, we will be able to assess how enhancements or restrictions on flexibility of labour movements and wage adjustments affect labour productivity and the efficient allocation of resources across firms. Moreover, we will be able to see whether such policies alter firm incentives to invest or expand their operations, to adopt new technologies, or whether they affect the quality of job matches or of training incentives as indicated by faster wage growth within firms.



## METHODOLOGY AND DATA SOURCES

Here we present the methodology to be used to identify the effects of the policy changes described above, and describes the data sources. We first outline our identification strategy and then present models to estimate the policy impact on worker and job flows, wages, and productivity.

### Identification strategy

To identify the effects of policy changes, in particular, to exclude potentially distorting factors which may systematically affect the outcomes of interest, we propose to use a difference-in-differences approach that is based on before-and-after as well as "treatment-and-control" comparisons. Of course, we are dealing with the examination of legislative changes, so a proper experimental approach is not feasible. Hence we adhere to the following two approaches to determine "treatment" and "control" groups of firms or workers.

The first method is a "*quasi-controlled*" experiment. In this case, the policy change itself produces different groups of firms/workers, with some being affected by the change, and hence forming a natural treatment group, while others are not being affected (or are being affected in the opposite direction), and hence forming the control group.

The second approach is the "*policy-binding industries*" approach. The intuition behind this approach rests on the fact that the impact of a policy change is likely to be larger in some industries – the policy-binding industries – and smaller in others. For example, in the case of employment protection, policy binding industries or groups of firms could be those that have relatively high propensity to adjust their workforce through layoffs in order to respond to changes in technology or product demand. In industries or groups of firms that could restructure through internal adjustments, the policy would have only limited effect. This approach has recently gained popularity (see references in Bassanini *et al.*, 2010).

The policy-binding industries approach, however, is faced by a difficult question of identification of such industries. Following recent examples in the literature (for example, Micco and Pages, 2006; Haltiwanger *et al.*, 2010; and Cingano *et al.*, 2010), we will adopt an external "benchmark" measure (B) of how binding a specific policy is for each industry. For the dismissal regulation, for example, a standard choice in the literature is US job turnover or US worker reallocation rate, and the choices for other policies can also be based on the least friction economy – US, or, for the same reason, UK. Moreover, as a choice of externally provided benchmark measure in one country may be problematic (see the discussion in Bassanini *et al.*, 2010), we will also adopt the approach proposed by Ciccone and Papaioannu (2007) that uses information from many countries to construct a predicted notional benchmark in the absence of a given policy.



## Estimation of worker and job flows

The following worker and job flows will be measured and analysed (note that this is defined at the level of a firm):

- **Hiring:**  $H_{it}$  – number of workers hired by firm  $i$  during a period ending at time  $t$  (in the proposed research, we will mostly work with yearly flows, but may also define flows for shorter periods)
- **Separations:**  $S_{it}$  – number of workers separated by firm  $i$  during a period ending at time  $t$ ,
- **Total worker reallocation:**  $TOTAL_{it} = H_{it} + S_{it}$
- **Excess worker reallocation:**  $EXCESS_{it} = \text{total worker reallocation} - \text{abs (net employment growth)}$
- **Job change:**  $JC_{it} = H_{it} - S_{it}$ , number of jobs created (if  $H_{it} > S_{it}$ ) or jobs destroyed (if  $H_{it} < S_{it}$ ) during the period ending at time  $t$

Following a standard definition of worker and job flow rates, the rates for the above type of flows are obtained by dividing the flow by the average of employment of the firm at time  $t$  and  $t-1$  (see Davis and Haltiwanger, 1999).

Note that our data sources allow us to decompose the above flows by specific worker sub-groups. That is, we can measure the flows separately, for example, for regular and fixed-term workers, for workers by education/skill level, and for males and females. In such cases, simple accounting equation applies ( $r$  and  $f$  are referring to regular and fixed-term workers, respectively):  $H_{it} = H_{irt} + H_{ift}$  and  $S_{it} = S_{irt} + S_{ift}$

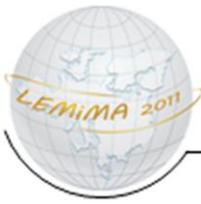
Employing a regression framework, the equation to be estimated can be expressed as

$$FLOWR_{ijt} = \alpha_0 + X_{ijt}\beta + \gamma B_j + \delta T_t + \eta T_t B_j + \chi_{it} + \zeta_{jt} + \varepsilon_{ijt},$$

where  $FLOWR_{ijt}$  denotes flow rate of interest,  $i$  is firm,  $j$  is sector and  $t$  is time,  $X_{ijt}$  stands for a vector of firm-level controls,  $\beta$  are the parameters to be estimated,  $\gamma$  is a parameter indicating specific effects of industries which are policy-binding,  $B_j$  is a benchmark/indicator variable measuring the extent a specific policy is policy-binding in sector  $j$  (see the discussion above),  $T_t$  takes the value of 1 in the period after the policy change and 0 otherwise,  $\delta$  is a parameter measuring the specific effects during the post-policy period, and  $\eta$  is a parameter of interest, capturing the treatment effect – the effect of the policy change on the flow rate in question. Parameters  $\chi_{it}$  and  $\zeta_{jt}$  are firms and industries fixed effects,  $\varepsilon_{ijt}$  presents the random error.

Depending on the research issue, the  $FLOWR_{ijt}$  may involve hiring, separations, total worker reallocation or excess worker reallocation rates, as well as job change rates.

Analysis of worker flows will involve also estimation of logit/probit, as well as duration models, to examine the determinants of worker transitions.



## Estimation of wage effects

To assess the impact of above-identified policy changes on wages of various groups of workers, Mincerian earnings functions will be estimated. Premiums associated with various types of transitions will be identified by including categorical variables indicating type of transitions (job-to-job, unemployment-to-job, inactivity-to-job, compared to continuous employment), where quasi-controlled experiment method of identification of workers will be used – based on our data sources, we will be able to identify the sub-minimum wage workers – those whose wages were below the minimum prior to the law's implementation).

Estimation of the effects of minimum wages will be performed on two levels of analysis, the individual and firm level. Individual level analysis will involve analysis of employment and earnings experiences of workers in the subminimum relative to in the superminimum group. For each pair of years  $t$  and  $t'$ , we will identify every worker in the subminimum wage group whose wages would fall below the new level of the minimum wage  $MW_{t'}$ . We will also identify a superminimum wage group composed of all workers whose wages in year  $t$  fall above the new minimum level but below a threshold level. For example, the superminimum group may be defined as all those employed in year  $t$  for whom  $MW_{t'} < W_t < 1.25 * MW_{t'}$ . Changes in individual employment, correcting for selection on continuous employment, changes in wages, hours and earnings between years  $t$  and  $t'$  will be regressed on individual and firm attributes in year  $t$  and on the ratio of the new minimum wage in  $t'$  relative to the individual's wage in year  $t$ . This will allow an estimate of the differential impact of the minimum wage on super- and subminimum wage workers.

Firm level analysis will examine how changes in the relative price of hiring workers in the sub-minimum and super-minimum groups affect relative firm employment of these groups. One approach to be used will address a problem that firms will have new workers hired in  $t'$  for whom no year  $t$  wage is available. Therefore, a mechanism which allocates these workers to the sub-minimum or super-minimum groups will be developed. The earnings function above can be applied to all new entrants in period  $t'$  to establish the wage they would have earned had they been employed in year  $t$ . This predicted wage distribution ( $\hat{W}_{t'}$ ) allows those employed in period  $t'$  to be decomposed into sub-minimum and super-minimum groups, even if they weren't employed at time  $t$ . We derive the sub-minimum population at time  $t'$  as all employees for whom  $\ln(MW_{t+1}/\hat{W}_{t'}) > 0$ , holding the time  $t$  earnings structure constant. For the super-minimum group, the inequality is reversed. We will also use the approach of Orazem and Mattila (2002) to estimate how the share of wages paid to sub-minimum and super-minimum workers changes following the introduction of minimum wages.

## Estimation of productivity effects

Paralleling the analysis of worker and job flows, estimation of production function will be used to identify productivity effects, again using a difference-in-differences approach. Employing a translog production function (such as Orazem and Vodopivec, 2009), the equation to be estimated can be expressed as

$$\ln q_{ijt} = \alpha_0 + \sum_{k=1}^n \alpha_k \ln x_{ijkt} + \frac{1}{2} \sum_{k=1}^n \sum_{l=1}^n \beta_{kl} \ln x_{ijkt} \ln x_{ijlt} + \gamma B_j + \delta T_t + \eta T_{jt} B_t + \varepsilon_{ijt},$$

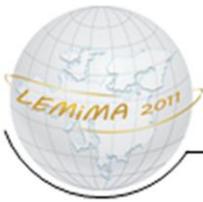


where  $q_{ijt}$  denotes the output of firm  $i$  in sector  $j$  at time  $t$ ,  $x_{ijkt}$  and  $x_{ijlt}$  are the productive inputs (labour ( $l$ ), capital ( $k$ )),  $\alpha_k$  and  $\beta_{kl}$  are the parameters of the production function to be estimated,  $\gamma$  is a parameter indicating specific effects of industries which are policy-binding,  $B_j$  is a benchmark/indicator variable measuring the extent to which a specific policy is policy-binding in sector  $j$ ,  $T_t$  takes the value of 1 in the period after the policy change and 0 otherwise,  $\delta$  is a parameter measuring the specific effects during the post-policy period, and  $\eta$  is a parameter of interest, capturing the treatment effect – the effect of the policy change on the productivity. Parameter  $\varepsilon_{ijt}$  is the random error. Note that the above formulation measures only direct effects of policy changes on productivity.

## Data sources

The project will utilize an extraordinarily rich administrative employment datasets (individual-level data on employment, unemployment and wages), as well as accounting data for Slovenian firms, covering the period of 1991–2010 and possibly beyond, depending on timing of research implementation (the same data sources were used previously, producing rich research output – see, for example, Haltiwanger and Vodopivec, 2003; Orazem and Vodopivec, 2009). The proposed data base will cover the complete Slovenian labour force and all registered firms. For each worker, the information will contain demographic data (age, gender, education), as well as data on the complete post-1991 employment and unemployment history, together with associated earnings or unemployment insurance incomes. The following data sets will be included in the proposed relational data base:

1. *Work history data set.* It contains the information on the starting and ending date of an employment spell, the type of appointment, occupation, and employer identification code, and personal characteristics (gender, age, education). Through employer identification code, each employment spell is linked to accounting data on the current employer.
2. *Data set on registered unemployed.* It contains starting and ending date, destination of exit, as well as information on the receipt of unemployment insurance benefits. Some additional personal and family characteristics, pertaining to each spell, are also included.
3. *Workers' earnings data set.* It contains information on earnings associated with each post-1991 employment spell of an individual (amount of earnings, number of hours worked, starting and ending date of earnings period).
4. *Accounting data on enterprises.* Data consist of the yearly profit and loss statements, as well as balance sheets, for all incorporated businesses in Slovenia for 1991–2010.
5. *Slovenian Business Registry data set* includes information on the four-digit industry, the year the firm started operating, and the firm's type and ownership structure (private and state ownership, ownership by domestic and foreign owners, and a firm is a publicly traded stock company or a limited liability company).



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## ИННОВАЦИИ КАК ФАКТОР ЭКОНОМИЧЕСКОГО РАЗВИТИЯ: КОНЦЕПТУАЛЬНЫЕ ОСНОВЫ И ПРОТИВОРЕЧИЯ

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### *Аннотация:*

*в работе рассмотрено содержание основных теорий, обосновывающих инновационную составляющую экономического развития, выделены присущие им проблемы и противоречия.*

### *Ключевые слова:*

*инновация, экономическое развитие, предприниматель-новатор, циклы хозяйственной конъюнктуры, инновационная политика, технологический уклад, технико-экономическая парадигма, источники инноваций, макрогенерация.*

## ВВЕДЕНИЕ

Сложившаяся на сегодняшний день в мире экономическая ситуация, а также опыт передовых стран в преодолении кризисных явлений доказывает, что инновационная активность выступает необходимым условием для создания предпосылок устойчивого социально-экономического развития. В целях обеспечения конкурентоспособности современные экономики делают ставку на научно-исследовательскую деятельность и последующее внедрение инновационных технологий в производственно-хозяйственный комплекс. Теоретические основы данного подхода были заложены еще в начале XX века и продолжают развиваться по настоящее время.



## ШУМПЕТЕРИАНСКИЕ ПОСТУЛАТЫ ТЕОРИИ ЭКОНОМИЧЕСКОГО РАЗВИТИЯ

Впервые проблемы экономического развития в контексте инновационной теории были исследованы австрийским ученым неоклассического направления Й. Шумпетером. В работе «Теория экономического развития» (1934 г.) [7] он произвел анализ факторов экономического роста и сформулировал основные положения своей теории. Ведущую роль в экономическом развитии Шумпетер отводил предпринимателю-«инноватору», использующему «новую комбинацию факторов производства, следствием чего и является инновация. В этих условиях предприниматель призван делать не то, что делают другие, и не так, как делают другие» [7]. Таким образом, эта самобытность и позволяют ему достичь рыночного успеха.

В своем исследовании экономических процессов автор объединил два подхода: равновесно-статический и эволюционно-динамический.

Статичная модель экономического развития представлена рутинным хозяйственным кругооборотом, связанным с цикличным повторением и возобновлением производства. Такую модель характеризует:

- ✓ равенство стоимости продукции, соответствующей ее предельной полезности, и стоимости средств производства, соответствующих их предельной производительности;
- ✓ приблизительно равновеликие объемы прибылей всех производителей на рынке;
- ✓ отсутствие межотраслевого перелива капитала и ресурсов;
- ✓ полное использование в производстве всех имеющихся на рынке ресурсов.

В таком равновесном состоянии экономическая система находится до тех пор, пока не получает импульс к развитию.

Экономическое развитие Шумпетер описывает теорией экономической динамики. Развитие рассматривается как выход на новую траекторию хозяйственного кругооборота, как особое состояние, которое явно выделяется как на практике, так и в сознании людей. При этом источник развития, по мнению Шумпетера, как правило, находится во внутренней среде предприятия и является результатом деятельности предпринимателя-новатора, используемой им новой комбинации факторов производством. В своем исследовании Й. Шумпетер предложил классификацию таких инновационных комбинаций (типичных изменений):

- 1) использование новой техники, новых технологических процессов и нового рыночного обеспечения производства;
- 2) использование продукции с новыми свойствами;
- 3) использование нового сырья;
- 4) изменения в организации производства и способах его материально-технического обеспечения;
- 5) появление новых рынков сбыта.

Именно в такого рода инновационных изменениях Шумпетер видел практически неисчерпаемый источник роста макро- и микроэкономических систем: «массовым появлением новых комбинаций объясняются основные черты периода подъема» [7, с. 406].

Однако в шумпетерианской теории инновации – это не только катализатор хозяйственной деятельности, но и эффективное средство конкурентной борьбы. Ведь использование инновационных комбинаций позволяет производителю кардинально изменить ситуацию в отрасли, возможно, на определенный период времени занять монопольное положение на



рынке, т.е. изменить сложившуюся рыночную конъюнктуру. Потенциальная опасность появления на рынке «новичка» с оригинальной инновационной идеей существует даже на высокомонополизированных рынках, и, тем более, на рынках, характеризующихся острой конкурентной борьбой. Это обстоятельство заставляет даже предприятий-лидеров вести активную работу по поиску и научной проработке новых технических решений.

Таким образом, роль предпринимателя-инноватора на рынке, согласно теории Шумпетера, заключается в следующем:

- совершенствование действующих и разработка новых технологий и методов производства;
- совершенствование действующих и разработка новых видов продукции, обладающих лучшими потребительскими свойствами;
- преодоление инерции внешней среды, являющейся, как правило, инновационно пассивной.

## **ТЕОРИЯ ЦИКЛИЧНОСТИ ЭКОНОМИЧЕСКОГО РАЗВИТИЯ Н.Д. КОНДРАТЬЕВА**

Важная роль в исследовании вопросов экономического развития принадлежит русскому экономисту Н.Д. Кондратьеву – автору всемирно известной волновой теории.

Наиболее значимыми в контексте данного исследования являются выводы Кондратьева о цикличности экономических процессов в мировых масштабах. Изучив статистические показатели социально-экономического развития ряда западноевропейских стран в динамике за период более 140 лет, он выделил так называемые «длинные волны» или большие циклы хозяйственной конъюнктуры [4]. Наряду с известными к тому времени краткосрочными (продолжительностью 3-3,5 года) и среднесрочными (продолжительностью от 7 до 11 лет) волнами, долгосрочные кондратьевские циклы (интервалом 48-55 лет) составляют основу теории экономического развития и по настоящий момент времени.

Основу каждого цикла, что было доказано Н.Д. Кондратьевым, составляет доминирующий технологический способ производства (или технологический уклад), определяемый набором научных принципов и применяемых в производстве материальных и энергетических ресурсов [4]. Таким образом, начало «повышательной» волны каждого большого цикла связано с радикальным обновлением материально-технической базы, с внедрением базисных инноваций.

В своих работах Н.Д. Кондратьев выдел три больших цикла хозяйственной конъюнктуры, каждый из которых опирается на свой набор ключевых технологий, и сделал прогноз на четвертый (табл. 1).

**Таблица 1:** Большие циклы хозяйственной конъюнктуры (по Н.Д. Кондратьеву) [4]

Номер цикла	Период, охватываемый циклом	Ключевые факторы экономического роста (базовые отрасли)
Первый	1790-1830 гг.	Текстильная промышленность, энергия воды, пара, угля
Второй	1831-1880 гг.	Железнодорожный транспорт, механическое производство, паровой двигатель, черная металлургия
Третий	1881-1930 гг.	Электроэнергетика, тяжелое машиностроение, электротехника, радиосвязь, двигатель внутреннего сгорания, цветная металлургия. Важная черта –



		концентрация капитала, монополистический характер рынка.
Четвертый	1931-... гг.	Теплоэнергетика, автомобилестроение, синтетические материалы, электроника, военно-промышленный комплекс. Создаются транснациональные корпорации, конкуренция олигополистична.

Последователи Кондратьева выделили пятый цикл хозяйственной конъюнктуры (технологический уклад), начинающий свой отсчет с 1985 г. и основанный на микроэлектронике, информатике, программном обеспечении, биотехнологии, новых материалах и видах энергии, телекоммуникациях, коммерциализации космической отрасли, Интернет-технологиях.

Таким образом, теория Кондратьева получила эмпирическое подтверждение: примерно раз в полвека происходит смена преобладающего технологического уклада, что определяет уровень экономического развития и конкурентоспособность экономики.

### КОНЦЕПЦИЯ ИННОВАЦИОННОЙ ПОЛИТИКИ ДРАКЕРА

Среди более поздних классических теорий западной управленческой мысли, безусловно, заслуживает внимания концепция инновационной политики предприятия американского экономиста Питера Дракера.

Суть этой концепции сводится к следующему [8].

- 1) Инновационный тип экономики выделяется в качестве приоритетного и перспективного типа ведения национального хозяйства.
- 2) Инновационная деятельность рассматривается как важнейшая функциональная область деятельности предприятия. Ее роль заключается в постоянном поиске и внедрении инноваций в практическую деятельность предприятия.

При этом Дракер выдвигает и обосновывает тезис о том, что внедрение инноваций там, где их можно ввести, менее рискованно для предпринимателя, чем оптимизация деятельности за счет других источников.

- 3) В целях минимизации рисков хозяйственной деятельности предлагается реализация целенаправленной инновационной политики, основными составляющими которой выступает анализ происходящих изменений во внутренней и внешней среде предприятия, а также поиск источников инновационных идей.

Состав источников этих идей трактуется Дракером достаточно широко: неожиданное событие для организации; изменения в структуре отрасли или рынка; демографические изменения; изменения в восприятиях, настроениях и ценностных установках; новые знания и др.

- 4) Для достижения успеха предпринимателю-новатору необходимо: производить систематический мониторинг всех источников инноваций и маркетинговое исследование рынка; ориентироваться, в первую очередь, на решение локальных задач и ограниченный круг потребителей; быть готовым к лидерству на рынке.

В целом, исследования Дракера можно считать продолжением и развитием теории Шумпетера: следствием внедрения инноваций является нарушение устойчивости экономической системы, но в то же время это практически единственная гарантия обеспечения ее долгосрочного экономического роста.



## **КОНЦЕПЦИИ ТЕХНИКО-ЭКОНОМИЧЕСКОЙ ПАРАДИГМЫ И ТЕХНОЛОГИЧЕСКИХ УКЛАДОВ**

Непосредственную связь с кондратьевскими циклами имеет концепция технико-экономической парадигмы. Первенство в разработке этой концепции принадлежит западным экономистам Дж. Доси, К. Фримену, Г. Меншу и др. [6]

Данный подход предполагает исследование вопросов появления инноваций, освоения базисных технологических нововведений во взаимосвязи с реакцией на вносимые изменения в социально-институциональную структуру. По своей продолжительности период развития технико-экономической парадигмы принято совмещать с большим циклом хозяйственной конъюнктуры Н.Д. Кондратьева.

Среди исследований проблем инновационно-технологического развития особую популярность в России получила концепция технологических укладов.

Понятие «технологический уклад» было введено С.Ю. Глазьевым и определено как «группы технологических совокупностей, связанные друг с другом однотипными технологическими цепями и образующие воспроизводящиеся целостности» [1]. В отношении каждого технологического уклада авторы концепции выделили ядро, ключевые факторы и организационно-экономический механизм регулирования [2]. Согласно данной теории каждый новый уклад зарождается, как правило, в то время, когда предыдущий достигает своего расцвета. По мере сокращения сферы применения базовых технологий происходит перераспределение ресурсов в пользу нового технологического уклада.

Значимость исследований С.Ю. Глазьева заключается также в глубокой проработке проблемы перехода экономики России к новому технологическому укладу. По мнению Сергея Юрьевича, современное состояние научно-производственного потенциала РФ и особенности структурных изменений мировой экономики дают России возможность за счет резкого наращивания инновационной активности в ключевых направлениях роста шестого технологического уклада достаточно быстро «вписаться» в новую длинную волну мирового развития.

## **ОСНОВЫ СОВРЕМЕННОЙ ЭВОЛЮЦИОННОЙ МАКРОЭКОНОМИКИ**

Ведущая роль предпринимателя-новатора в экономическом развитии обосновывается и современными теориями макроэкономики. Данные теории оперирует таким понятием как «макрогенерация» - макроэкономическая подсистема, представляющая собой долю ВВП [5]. Эта система обладает свойством рождаться, жить и умирать, а также участвует с созданием национального продукта [3]. При этом совокупность родственных, но неидентичных макрогенераций образуют полный ВВП соответствующего года.

Каждая макрогенерация включает инновационные и базисные товары – средства производства/ресурсы, а развитие макрогенераций происходит по шумпетерианской схеме.

Важная роль в рассматриваемых исследованиях отводится вопросам конкуренции макрогенераций, предполагающей перераспределение ресурсов от «старых» макрогенераций к «новым». Конкуренция, таким образом, сводится к борьбе за право использования группы базисных товаров.



## **ЗАКЛЮЧЕНИЕ: ПРОБЛЕМЫ И ПРОТИВОРЕЧИЯ РАССМОТРЕННЫХ ТЕОРИЙ**

Все вышеизложенные теории, несмотря на определенные различия по отдельным аспектам исследуемой проблемы, безусловно, имеют единую основу и являются логическим продолжением и развитием одна другой. В то же время можно выделить ряд признаков им проблем и противоречий.

Во-первых, спорным представляется положение, что новый технологический уклад (большой цикл хозяйственной конъюнктуры, технико-экономическая парадигма) возникает в результате исчерпания возможностей базовых технологий, перераспределения ресурсов от «старых» технологических систем к «новым». На практике во многих случаях мы наблюдаем сосуществование «старых» и «новых» технологий, ресурсов и т.п. Например, в настоящее время активно используются различные энергоносители, начиная от дерева, угля, нефти, газа и заканчивая ветром и биологическими источниками.

Во-вторых, вызывает вопросы «плавность» перехода одного технологического уклада (цикла хозяйственной конъюнктуры) в другой. Как правило, бифуркационные состояния протекают в течение определенного периода времени, а не происходят мгновенно. Кроме того, подобно процессам в биологической популяции одновременно могут воспроизводиться несколько технологических укладов, некоторые из которых не получают дальнейшего развития [6].

В-третьих, до сих пор однозначно не решен вопрос: когда (на каком участке волны) происходит концентрация базисных нововведений. Так, например, К. Фримен [9] считает, что скопление радикальных инноваций характерно для фазы подъема длинной волны. По мнению Г. Менша, депрессия играет роль генератора условий для появления базисных инноваций. Этой же позиции, говоря о «созидательном разрушении», придерживается Й. Шумпетер [7]. В то же время А. Кляйнхнехт выдвигает положение о том, что только кластеры инноваций-продуктов образуются на стадии депрессии, в отличие от инноваций-процессов, которые концентрируются в основном на стадии повышения волны.

Кроме того, происходящие в современном мире процессы глобализации и информатизации экономики приводят размыванию национальных и временных границ технологических укладов. В настоящее время зачастую сложно позиционировать государства по уровню технологического уклада, а также четко выделить период начала и окончания цикла хозяйственной конъюнктуры. Помимо этого, переход от базового уклада к новому может не потребовать перераспределения ресурсов между ними, но в то же время неуклонно повышающийся от уклада к укладу научно-технический уровень требует все больших затрат на его развитие.



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## СТРАТЕГИИ И МЕХАНИЗМЫ ИННОВАЦИОННОГО РАЗВИТИЯ

### В СТРАНАХ ЕС, СНД И УКРАИНЕ

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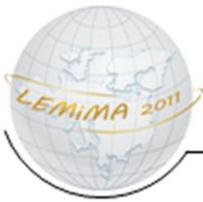
***Аннотация:** Акцентируется внимание на необходимости активизации инновационных процессов в национальной экономике как важнейшем факторе повышения ее конкурентоспособности. Анализируется опыт стран ЕС, СНД в разработке и реализации инновационной модели социально-экономического развития. Констатируется проявление инерционного сценария инновационного регресса в экономике Украины. Обращается внимание на необходимости совершенствования структуры товарооборота между Украиной и Республикой Сербия в направлении наукоемкой продукции. Исследуются стратегические аспекты в управлении инновационным развитием. Подчеркнута роль концентрации производства и кооперирования в сфере международного научно-технического сотрудничества.*

***Ключевые слова:** глобализация, инженер, инновация, технология, стратегия, управление, эффективность*

#### ПОСТАНОВКА ПРОБЛЕМЫ

Государство призвано защищать интересы своих граждан, заботиться о росте их благосостояния. Чем радикальнее и глубже прорывы в науке и технике, технологии и информационном обеспечении, тем больше бизнес и общество возлагают надежду именно на государство, его ресурсы и институты для повышения эффективности социально-экономического развития. Среди главных показателей, характеризующих благосостояние людей: продолжительность и качество жизни, уровень заработной платы, ВВП на душу населения и т.д. Улучшение качества жизни находится в прямой зависимости от состояния экономики, промышленного потенциала, образования, науки, культуры, морали, других составляющих.

Актуальность проводимого исследования состоит в том, что в Украине и во многих других странах не выработан эффективный механизм управления инновационным развитием. Система



интересов общества в целом и каждого гражданина в отдельности не надлежащим образом направлены на увеличение совокупного общественного продукта за счет инновационной составляющей. В период независимости (1991-2011гг.) в Украине осуществляется процесс не инновационного развития, а инновационного регресса, инновационной деградации. Носит этот процесс явно стабильно-инерционный характер с негативной окраской. И в количественных, и в качественных показателях. И в стоимостном, и в натуральном измерениях. По сравнению с прошлым Украины (с 1990г.), по сравнению со многими странами мира.

Для реализации программы социально-экономического развития Украины по так называемой «инновационной модели» создана достаточно солидная нормативно-правовая база в виде законов, указов, концепций и т.д. (с 1991г. принято более 400 документов на государственном уровне). Почему же в результате «инновационной деятельности» как ключевой составляющей социально-экономического развития в Украине: самая короткая продолжительность жизни, самая низкая заработная плата, самый высокий уровень коррупции в Европе, и т.д., и т.п.? Почему «философия мозга», «философия творчества» шаг за шагом замещается «философией желудка», «философией потребительства»? Вот как раз на эти и другие вопросы мы пытаемся найти ответы.

## **АНАЛИЗ ПОСЛЕДНИХ ИССЛЕДОВАНИЙ И ПУБЛИКАЦИЙ**

Проблемам инновационного развития уделено внимание со стороны многих известных отечественных и зарубежных ученых, среди которых такие известные имена, как: Александрова В.П., Алымов А.Н., Андрощук Г.А., Ансофф И., Бажал Ю.Н., Геец В.М., Глазьев С.Ю., Глухов В.В., Градов А.П., Йованоски Д., Каренов Р.С., Мазур А.А., Малицкий Б.А., Пахомов Ю.Н., Подпратов С.Е., Попович О.С., Радосавлевич Ж., Соловйов В.П., Твисс Б., Федулова Л.И., Франко И.Я., Чирков В.Г., Шумпетер Й. Вместе с тем, многие вопросы теоретического и практического характера относительно функционирования эффективного механизма управления инновационным развитием все еще остаются не достаточно изученными. В числе проблем, которые нуждаются в углубленной проработке: инструментарий повышения эффективности государственной поддержки инновационной деятельности; налоговое стимулирование объектов хозяйствования; информационно-аналитическое обеспечение инновационного развития; расширение инновационной инфраструктуры в стране и ряд других.

## **ЦЕЛЬ И ЗАДАЧИ ИССЛЕДОВАНИЯ**

Целью исследования является развитие теоретико-методологических основ формирования стратегии инновационного развития государства и поиск путей совершенствования механизмов ее реализации в условиях глобализационных вызовов. Достижение поставленной цели требует решения следующих задач: акцентировать внимание на необходимости активизации инновационных процессов в развитии национальной экономики; проанализировать опыт



стран ЕС, СНГ в разработке и реализации инновационной модели социально-экономического развития; разобраться в первопричинах проявления инерционного сценария инновационного регресса в экономике Украины; исследовать стратегические аспекты в управлении инновационным развитием страны; изучить роль концентрации производства и кооперирования в сфере международного научно-технического сотрудничества.

## РЕЗУЛЬТАТЫ ИССЛЕДОВАНИЯ

**Мировой опыт реализации программ инновационного развития.** В развитых странах Запада на долю новых или усовершенствованных технологий, оборудования и других продуктов, содержащих новые знания или решения, приходится от 70 до 85% прироста ВВП. Развитые страны концентрируют у себя более 90% мирового научного потенциала, контролируют 80% глобального рынка высоких технологий. Объем этого рынка оценивается в 2,5–3,0 трлн. долл., что заметно превосходит рынок сырьевых и энергетических ресурсов. Ежегодно объемы экспорта наукоемкой продукции приносят США – около 700 млрд. долл. прибыли, Германии – 530, Японии – 400 млрд. долл. Наиболее динамично развивается обмен технологиями и услугами. Если в начале 90-х годов XX ст. годовой объем мировой торговли патентами, лицензиями, ноу-хау и промышленными образцами оценивался в диапазоне 20-50 млрд. долл., то к настоящему времени он достиг более 500 млрд. долл. Экспорт услуг удвоился в значительной мере за счет услуг интеллектуального содержания. Главными игроками здесь являются ТНК.

Из 50 самых передовых макротехнологий, обеспечивающих производство наукоемкой продукции в области аэрокосмической техники, автоматизированного оборудования и информационной техники, электроники, фармацевтики, точных и измерительных приборов, электрооборудования и т.д. 46 макротехнологиями обладают развитые страны. Они контролируют 4/5 мирового производства науко- и техноемких изделий. Из этих технологий 22 контролируются США, 8-10 – Германией, 6-8 - Японией, по 3-5 Великобританией и Францией, по одной приходится на Швецию, Норвегию, Италию и Швейцарию. По 1–2 критических макротехнологий из ведущих индустриальных государств имплантировано в Сингапур, Тайвань и Китай. Лидером мирового инновационного процесса являются США. В 2003 г. на долю США приходилось более 50% крупных нововведений. Свое присутствие на мировом технологическом пространстве увеличили так называемые новые индустриальные государства Юго-Восточной Азии и Китай. Их доля в мировом экспорте наукоемких изделий составляет уже около 15%.

**Межгосударственное инновационное сотрудничество в ЕС.** В 2000г. Европейский Союз на саммите в Лиссабоне поставил перед собой достаточно амбициозную задачу: превратить европейский регион в наиболее динамичный, обладающий



конкурентоспособной и самой высокоразвитой экономикой мира. Приоритетными стали три области деятельности: научно-техническая, инновационная и образовательная. Страны Северной Европы, а также Великобритания, Германия, Франция являются самыми активными участниками инновационного сотрудничества в ЕС. Стимулирование инновационного развития осуществляется посредством нескольких взаимодополняющих каналов, включая Рамочную программу НИОКР, программу «Эврика», Структурные фонды. К ранее осуществляемой пятилетней Рамочной программе НИОКР добавлена новая программа по конкурентоспособности и инновациям (2007–2013гг.). В развитие этой стратегии предусмотрено: принятие кардинальных мер по укреплению научно-технического потенциала - увеличение расходов на НИОКР с текущих 1,9% ВВП до 3,0% ВВП (на 1/3 за счет государственных расходов и на 2/3 - инвестиций частной промышленности); развитие вертикальной и горизонтальной координации инновационной политики в ЕС; дальнейшее углубление кооперации, создание единого Европейского исследовательского и инновационного пространства с учетом реалий расширенного ЕС; повышение эффективности государственной инновационной политики. Ожидается, что рост расходов на НИОКР до 3,0% уровня ВВП даст дополнительный годовой прирост ВВП в размере 0,5% и приведет к созданию ежегодно 400 тыс. дополнительных рабочих мест после 2010 года. Седьмая Рамочная программа НИОКР ЕС на 2007-2013гг. намечает дальнейшее развитие европейской кооперации по наиболее передовым научно-техническим направлениям, в числе которых: построение информационного общества, биотехнология и генная инженерия, нанотехнологии и новые материалы, космос, безопасность и т.д.

За последние 10 лет в странах ЕС значительно возросло значение регионального инновационного сотрудничества. В результате, три уровня формирования региональной политики (политика, осуществляемая самими регионами, региональный компонент федеральной инновационной политики и наднациональной политики ЕС) очень тесно переплетаются между собой. Благодаря активизации сотрудничества в Западной Европе на базе паневропейских программ («Рамочная программа НИОКР ЕС», «Эврика»), «технологических платформ», международных бизнес - «дорожных карт» образуются межнациональные исследовательские сети и международные консорциумы. В частности, в Рамочной программе НИОКР ЕС и «Эврика» участвует более 500 крупнейших западноевропейских фирм. Уже сформировался межстрановой европейский кластер новейших технологий, представляющий собой инновационный «коридор», протянувшийся от «Силиконового нагорья» в Ирландии, через «Лондонский треугольник», Париж к Северной Италии с ответвлением в страны Северной Европы.

**Организационно-экономические проблемы инновационного развития экономики государств СНГ.** Основными причинами низкой инновационной активности в странах СНГ являются: несовершенство законодательно-правовой базы, отсутствие финансовых средств, непрозрачность экономик, неисполнение законов и договоренностей,

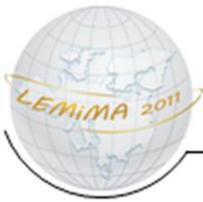


неблагоприятный инвестиционный экономический климат и др. Одна из причин заключается в прямой заинтересованности крупного частного бизнеса в продаже сырьевых ресурсов, поскольку при этом возможно получение несоизмеримой с затратами прибыли.

Советом глав правительств СНГ в 2009г. в Ялте утверждены «Основные направления долгосрочного сотрудничества государств–участников СНГ в инновационной сфере». Основные направления являются концептуальной основой Межгосударственной целевой программы инновационного сотрудничества стран СНГ на период до 2020 года. Для наращивания экономического потенциала и обеспечения защиты национальных интересов странам СНГ необходимо определить свою роль и место в мировой хозяйственной системе. В государствах–участниках СНГ в этом отношении наблюдается определенная инертность, мало учитывается фактор времени, остается низким уровень стратегического планирования, отсутствует стремление выделять средства на внедрение новаций. Данные упущения присущи как государственным структурам, так и бизнесу, как на центральном, так и на региональном уровнях. Если в странах с развитой экономикой доля затрат на научные исследования и разработки составляет 2,5–3 % ВВП, то странах СНГ лишь 0,4–0,5 % ВВП. В рейтинге конкурентоспособности государств мира (по данным ВЭФ в Давосе) за 2008–2009гг. из 134 государств Азербайджан занимал 69-е место, Армения – 97-е, Казахстан – 66-е, Молдова – 95-е, Российская Федерация – 51-е, Украина – 72-е место.

Инновационное развитие стран СНГ сдерживает сложная ситуация в финансовой и денежно-кредитной сферах. Это связано со структурными диспропорциями в экономике, низким уровнем монетизации, дефицитом платежных средств, недостатком собственного капитала как предприятий, так и банков, высокими ставками рефинансирования и кредита, дисбалансом между сроками привлечения кредитных ресурсов и их размещения. Реализация Основных направлений должна обеспечить повышение глобальной конкурентоспособности национальной экономики каждой из стран СНГ, рачительное использование природных, сырьевых и инвестиционных ресурсов, рост благосостояния и повышение качества жизни населения стран СНГ с приближением его к социальным стандартам развитых стран [1].

**Перспективы инновационного развития в Российской Федерации.** Промышленный комплекс России находится в достаточно сложной ситуации [2]. Износ основных фондов достигает во многих отраслях от 50 до 74%. Срок службы оборудования насчитывает более 20 лет при максимально эффективной норме эксплуатации в 9 лет. Новое оборудование практически все импортное. Современный уровень технологий сохраняется в ядерной энергетике, ракетно-космической отрасли, авиастроении. Доля машиностроительной продукции в экспорте России составляет чуть более 5%. Вклад



научно-технического фактора в прирост валового продукта – менее 10%. Доля России на мировых рынках высоких технологий едва достигает 0,2–0,3%. Россия находится сегодня в третьем, четвертом и на первых этапах пятого технологического уклада. К последнему относятся главным образом предприятия высокотехнологичного военно-промышленного комплекса. Соотношение высокотехнологичного и энергосырьевого рынков составляет - 4:1, в будущем оно должно выглядеть как 10:1.

Экономика знаний становится ключевой составляющей в стратегиях инновационного развития. По таким базовым направлениям, как нанотехнологии, биотехнологии, информационно-коммуникационные технологии, в России создаются и реализовываются национальные программы. Для создания новой экономики предусматривается обеспечить синергию разработки и реализации ряда национальных программ со стратегией развития потребительского, высокотехнологичного, минерально-сырьевого, топливно-энергетического и инфраструктурного секторов российской экономики. Инновационная стратегия развития России строится на реализации 4-х национальных программ и как минимум 12–14 национальных проектов по секторам экономики (авиация, ракетно-космическая техника, судостроение).

Национальные программы по объему, характеру, горизонту, уровню, эффективности принципиально отличаются от федеральных целевых программ. Объект национальной программы – технологическая база экономики страны в целом, а не отдельной отрасли или региона. На основе методологических и практических наработок должен быть разработан долгосрочный прогноз развития России до 2030 г.: социально-экономический; научно-технологический; территориальный. На основе сформулированных национальных целей и приоритетов разрабатывается долгосрочный стратегический план. Впоследствии план должен уточняться каждые 4–5 лет. Составляющие элементы долгосрочного стратегического плана – национальные 15-20-летние программы и проекты. Их реализация должна осуществляться на основе системы индикативного планирования на среднесрочную (3–5 лет) и краткосрочную (1 год) перспективу. Анализ стратегий 100 ведущих российских компаний показал, что стратегии 70% крупнейших предприятий рассчитаны максимум на 7 лет. Стратегические планы только 18% крупнейших предприятий рассчитаны на период от 8 до 12 лет. К шестому технологическому укладу эти планы пока имеют лишь косвенное отношение.

**Белорусская модель инновационного развития.** Основной целью Государственной программы инновационного развития Республики Беларусь на 2011–2015гг. является создание конкурентоспособной инновационной, высокотехнологичной, ресурсо- и энергосберегающей, экологобезопасной экономики, обеспечивающей устойчивое социально-экономическое развитие страны [3]. Программа направлена на решение важнейших для республики задач по формированию сбалансированной экономики, основанной на знаниях, в том числе увеличении доли экспорта, включая рост высоко- и

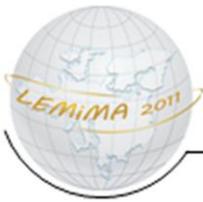


среднетехнологичной продукции, оптимизации импорта и обеспечении положительного торгового баланса. Важной характеристикой белорусской экономики является высокая концентрация производства в промышленности. Приоритетным направлением развития станет специализация в конкретных сферах промышленности при одновременной кооперации научно-технической деятельности с ТНК.

Для обеспечения конкурентоспособности товаров и услуг на внутреннем и международном рынках предстоит: опережающе развивать наукоемкие и высокотехнологичные подотрасли и производства (микроэлектроника, приборостроение, точное машиностроение, информационные технологии); расширять выпуск потребительских товаров, различных видов бытовой техники и электроники, испытывающих меньшие среднесрочные и долгосрочные колебания спроса, имеющих более высокую скорость оборачиваемости финансовых средств; увеличить удельный вес экспортоориентированных производств (автомобилестроение, автобусное и троллейбусное производства, станкостроительная и инструментальная промышленность, микроэлектроника, оптическая и оптико-механическая продукция, химическая продукция, фармацевтика и др.); внедрять специальные программы повышения качества, надежности и долговечности белорусских товаров (технологий, услуг) от их производства до реализации на мировых рынках и технологического сервиса.

Важнейшим условием реализации стратегии должно стать стимулирование наукоемкого экспорта и расширение международной технологической интеграции учреждений научной и научно-технической сферы, создание условий и стимулов для привлечения зарубежных инвестиций. Предстоит принять жесткие меры в сфере технического регулирования, сформировать систему санкций за нарушения, стимулировать внедрение энергоэффективных и экологических технологий на производстве. Увеличение расходов на внедрение новаций должно осуществляться за счет разных источников финансирования, в первую очередь за счет внебюджетных. Для более эффективной реализации научно-технического потенциала предстоит увеличить объем внедрения НИОК(Т)Р в реальное производство, завершающихся выпуском готовой продукции (новые виды оборудования, материалы, технологические процессы).

**Государственная программа по форсированному индустриально-инновационному развитию Республики Казахстан на 2010 – 2014гг.** Целью программы является обеспечение устойчивого и сбалансированного роста экономики через диверсификацию и повышение ее конкурентоспособности. Задачами программы являются: усиление социальной эффективности развития приоритетных секторов экономики и реализации инвестиционных проектов; создание благоприятной среды для индустриализации; формирование центров экономического роста на основе рациональной территориальной организации экономического потенциала; обеспечение эффективного взаимодействия государства и бизнеса в развитии приоритетных секторов экономики и т.д. [4].



Целевыми индикаторами государственной программы является: **увеличение**: ВВП на 50% от уровня ВВП 2008г.; доли обрабатывающей промышленности в структуре ВВП до уровня не менее 12,5%; доли несырьевого экспорта до уровня не менее 40% в общем объеме экспорта; производительности труда в обрабатывающей промышленности не менее чем в 1,5 раза; производительности труда в агропромышленном комплексе не менее чем в 2 раза; доли казахстанского содержания в государственной системе закупок товаров - до 60%, в закупках работ и услуг - до 90%; доли инновационно активных предприятий до 10% от числа действующих предприятий; **снижение**: доли транспортных расходов в структуре себестоимости несырьевого сектора до уровня не менее чем на 8%; энергоемкости ВВП не менее чем на 10% от уровня 2008г.

Государственная поддержка диверсификации экономики будет осуществляться через реализацию системных мер экономической политики на макро- и секторальном уровнях, а также селективных мер поддержки конкретных секторов экономики и проектов. Системные меры экономической политики будут концентрироваться на формировании благоприятной макросреды и инвестиционного климата, мерах по повышению производительности и конкурентоспособности национальной экономики. Селективные меры будут осуществляться на основе комбинированного пакета мер финансовой и нефинансовой поддержки приоритетных секторов и проектов. Мировой опыт свидетельствует о наличии различных подходов к индустриализации: стратегии «догоняющего развития», «традиционной специализации», «постиндустриального развития». Наиболее подходящей стратегией индустриализации экономики Казахстана является стратегия «традиционной специализации» с опорой на сырьевой сектор с последующим переходом сырьевых производств на более высокие переделы. Уникальное географическое положение Казахстана делает возможным завоевать позиции эффективного глобального посредника в Азии и СНГ (Россия, Центральная Азия, Китай, Иран, Индия).

**Состояние и направления инновационного развития в Украине.** Предметом внимания научной общественности в Украине является Стратегия инновационного развития страны на 2010-2020гг. в условиях глобализационных вызовов. Она развивает основные положения Концепции научно-технологического и инновационного развития Украины, уточняет и дополняет их с учетом новых требований. Аналитическая часть указанного документа констатирует отставание Украины от развитых стран в части разработки и внедрения в производство новаций. Стратегическая часть очерчивает ключевые стратегические цели, определяет направления, механизмы и возможные варианты разрешения проблем, содержит ключевые мероприятия по практическому осуществлению Стратегии.

Главная системная проблема состоит в том, что технологически низкоукладная отечественная экономика, а также система предпринимательства, сформировавшаяся под



влиянием навязанных Украине извне неолиберальных реформ, остаются крайне невосприимчивыми к достижениям науки и технологическим новациям. Ярким примером этому может служить структура товарооборота между Украиной и Республикой Сербия [5]. Основными группами экспорта товаров из Украины в Сербию в январе–августе 2010г. оставались: руды, шлаки и зола – 79,46 млн. дол. США (68 %), черные металлы – 9,33 млн. дол. США (8 %), энергетические материалы; нефть и продукты ее перегонки – 7,36 млн. дол. США (6%), древесина и изделия из древесины – 5,36 млн. дол. США (5%), бумага и картон – 3,53 млн. дол. США (3%). Основными группами импорта товаров из Сербии в Украину за январь–август 2010г. были: полимерные материалы, пластмассы – 20,29 млн. дол. США (42%), фармацевтическая продукция – 4,86 млн. дол. США (10%), семена и подсолнечное масло – 3,82 млн. дол. США (8%), древесина и изделия из древесины – 2,34 млн. дол. США (5%), котлы, машины, аппараты и механические приспособления – 2,18 млн. дол. США (4%). Основными украинскими экспортёрами являются металлургические предприятия или машиностроительная продукция для нужд металлургии. Это - “Митал Стил”, Полтавский ГЗК, “Запорожсталь”, “Днепроспецсталь”, НКМЗ, “Квант” г. Харьков, “Азовсталь”, “Енакиево”, “Макеевка” и другие.

## **ЗАКЛЮЧЕНИЕ**

В современном мире качество управления инновационными процессами и их государственное стимулирование становятся определяющим фактором повышения конкурентоспособности национальных экономик. На примере накопленного опыта в развитых странах, странах ЕС, СНГ рассмотрены проблемы влияния инноваций на экономику, показана необходимость согласования инновационной политики с научно-технической, бюджетно-финансовой, денежно-кредитной, промышленной и внешнеторговой стратегиями, подчеркивается необходимость достижения в стране единства интересов общества, государства, власти, бизнеса.



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## SECOND DECADE OF 21<sup>ST</sup> CENTURY – COMPUTING EVERYWHERE

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### Abstract

*Second decade of 21<sup>st</sup> century will be characterized by explosion in new IT technologies. Four of them will be dominant: cloud computing, social computing, context-aware computing and pattern based economy. It's very important that, at the beginning of second decade of 21<sup>st</sup> century all four passing through some cycles of Hype. Cloud computing is a style of computing in which dynamically scalable and often virtualized resources are provided as a service over the Internet. Social computing is about enabling, encouraging and capturing the often unstructured interactions between individuals. The rest two are set of tools based on data base management and business intelligence.*

### Keywords:

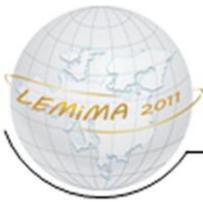
*Context-Aware Computing, Cloud Computing, Pattern-Based Strategy, Social Computing,*

### INTRODUCTION

At the beginning of every next decade is very popular to make forecast, especially technological. Fact has very fast acceleration, and practically, we do not know what was happened ten years ago. Predicting what is our technological future is funny, isn't it? I will start with citrates from two sources, but more lucrative and qualitative are Gartner reports. Let's go with first citation.

Philip E. Ross, futurologist in one of his columns for Scientific American magazine stated: “

*“Life was different a decade ago. Your phone couldn't contain your entire music collection, for example, or guide you to a restaurant in a foreign city. Bomber-reconnaissance planes invariably had pilots on board. And how's this for quaint: Your corner drugstore still stocked photographic film! The technology waves that washed away those realities spread from tremors that occurred years before: The first smart phone was unveiled by IBM in 1993, the first digital photo was taken in 1975, and the first drone aircraft flew during World War II. Clearly, the*



*seeds of the next crop of technology staples have already been planted. Perhaps the first tender shoots can already be discerned among the pages of this issue."*

Douglas Adams in his book (movie was made by his book): "Hitchhiker's Guide to the Galaxy" [1] made similar forecast some 30 years ago.

*By 2010 computers will disappear. They'll be so small; they'll be embedded in our clothing, in our environment. Images will be written directly to our retina, providing full-immersion virtual reality, augmented real reality. We'll be interacting with virtual personalities."* - these were words of futurologist Ray Kurzweil on TED conference in February 2005. [2]

Of course, Kurzweil did not mean to say that all computers would actually disappear. Rather, embedded microprocessors would allow many of the functions once uniquely served by computers to disseminate to phones, tablet computers, and even cars, clothes, and key chains. And in that sense, 2010 might indeed be seen as a ringing vindication of Kurzweil's prophecy, because smart phones and iPads are everywhere. [3]

Respectable IEEE Spectrum Magazine listed these 11 technologies which will dictate development in second decade of 21<sup>st</sup> century [4]:

- Smart phones
- Social Network
- Voice OverIP
- LED Lighting
- Multicore CPUs
- Cloud Computing
- Drone Aircraft
- Planetary Rovers
- Flexible AC Transmission
- Digital Photography
- Class-D Audio



Whilst most of them are fully technological, some of them are mixed. These are not only technologies, but trends that will impact our lives in I&O. Some are **technological** in nature, others are **social**, and others are things that we may have missed. (Social Network, Cloud Computing...). Rest two technological trends are: Context-Aware Computing and Pattern Based Strategy.

It's very important that, at the beginning of second decade of 21<sup>st</sup> century all four passing through some cycles of Hype. Measuring and representing of Hype is shown in work of Jackie Fenn and Mark Raskino [5]. All 11 technologies are based on four laws: Shannon Law, Moore Law, Gilder Law and Metcalf Law [6].

## **TECHNOLOGY NO 1: CLOUD COMPUTING**

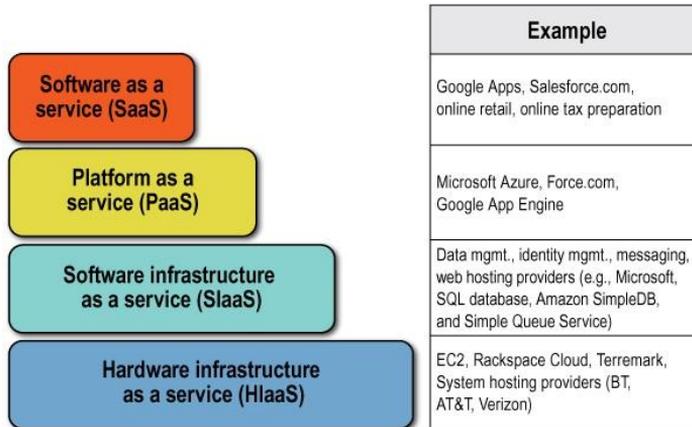
Classical definition is: *Cloud computing is a style of computing in which dynamically scalable and often virtualized resources are provided as a service over the Internet.*

Gartner definition is: *The set of disciplines, technologies, and business models used to deliver IT capabilities (software, platforms, hardware) as an on-demand, scalable, elastic service. [7]*

Cloud computing is characterized by five essential characteristics:

- It uses *shared infrastructure*.
- It provides *on-demand self-service*.
- It is *elastic and scalable*.
- It is *priced by consumption*.
- It is *dynamic and virtualized*.

The cloud offers the four categories of services shown in Figure 1.



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**Figure 1. Characteristics of Cloud Computing**

Cloud computing is deployed using one or more of five models:

- A *public cloud* offers IT capabilities as a service to any consumer over the public Internet.
- A *private cloud* offers IT capabilities as a service to a select group of consumers.
- An *internal cloud* is a private cloud by which an IT organization offers an IT capability as a service to its own business.
- An *external cloud* is an IT capability offered by a service provider to a third-party business.
- A *hybrid cloud* is an IT capability offered as a service using both internal and external IT resources.



## Web Search Trends in Cloud Computing

The popularity of different paradigms varies with time. The Web search popularity, as measured by the Google search trends for 2004, for terms “cluster computing”, “Grid computing”, and “Cloud computing” is shown in Figure 2. From the Google trends, it can be observed that cluster computing was a popular term during 1990s, from early 2000 Grid computing become popular, and recently Cloud computing started gaining popularity.

Spot points in Figure 2 indicate the release of news related to Cloud computing as follows:

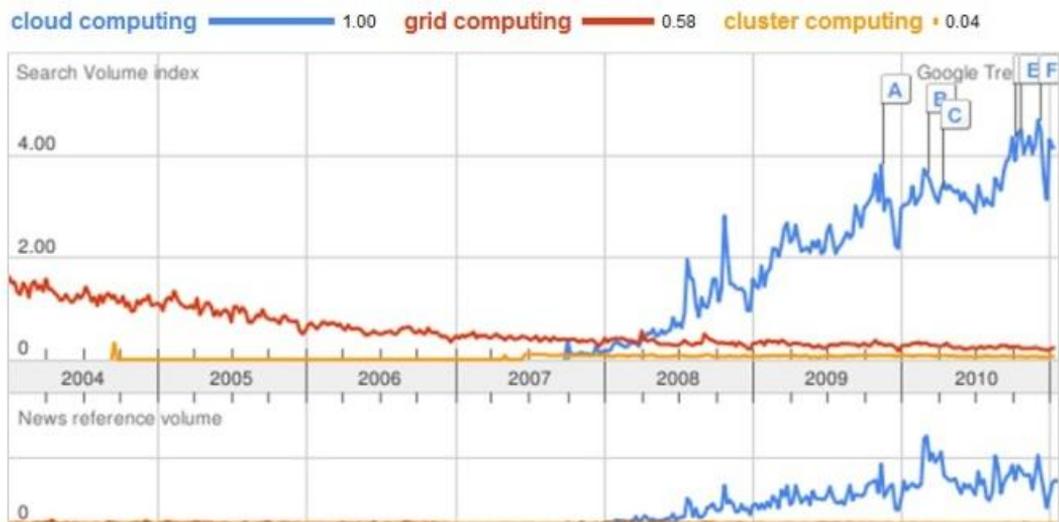
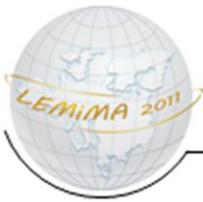


Figure 2. Google search trends from 2004-2011



**Microsoft's cloud computing system is growing up (Philadelphia Inquirer - Nov 17 2009)**

**Google looks to be 'cloud-computing' rainmaker for other online business services (Winnipeg Free Press - Mar 10 2010)**

**Cloud computing and the economy (CNET - Apr 13 2010)**

**Globalization, cloud computing spark change in "future of work" (The Hindu - Oct 6 2010)**

**Microsoft's Top Software Architect, a Cloud Computing Advocate, Quits (New York Times - Oct 19 2010)**

**Cloud computing 'could give EU 763bn-euro boost' (BBC News - Dec 7 2010)**

### **Market-Oriented Cloud Architecture**

As consumers rely on Cloud providers to supply all their computing needs, they will require specific QoS to be maintained by their providers in order to meet their objectives and sustain their operations. Cloud providers will need to consider and meet different QoS parameters of each individual consumer as negotiated in specific SLAs. To achieve this, Cloud providers can no longer continue to deploy traditional system-centric resource management architecture that do not provide incentives for them to share their resources and still regard all service requests to be of equal importance. Instead, market-oriented resource management [8] is necessary to regulate the supply and demand of Cloud resources at market equilibrium, provide feedback in terms of economic incentives for both Cloud consumers and providers, and promote QoS-based resource allocation mechanisms that differentiate service requests based on their utility.

Other challenges in cloud computing you can find in [9].

### **TECHNOLOGY NO 2: SOCIAL COMPUTING**

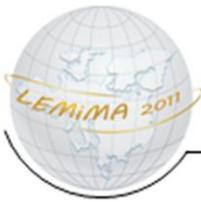
Social computing involves the use of technology by individuals to transform their relationships with others. It is transforming relationships between individuals, businesses and institutions.

By 2009, only 20% of the data and functions of enterprise collaboration applications will be open and free-form (0.8 probability). Through 2009, fewer than 30% of Fortune 1000



companies will provide enterprise wide social software platforms due to concerns with security, technology maturity and compliance (0.6 probability). By 2009, 70% of successful wiki deployments owed their success to less than 5% of their users who maintain a wiki because it helps them personally (0.7 probability). Wikis, blogs and other kinds of enterprise social software expand support for the informal interactions that revolve around the key behaviors of a high-performance workplace (discovering, innovating, collaborating, leading and learning). Social software can also assist with creating documentation, classifying information, improving search relevancy, exploring ideas and making decisions. However, many deployments have not succeeded because they were aimed at inappropriate goals or lacked some of the elements necessary for success. IT managers in charge of social software should understand what tasks are appropriate for wikis and blogs, and should focus on seven elements in any deployment. IT managers can also get some ideas from companies that have deployed social software effectively. In Table 1 are shown key terms, definitions and acronyms [10].

<b>Term or Acronym</b>	<b>Definition</b>
Social Computing	Describes a personally influenced infrastructure layer upon which individuals deploy a range of tools and services to create, maintain, enhance and destroy relationships
Social Software	The tools that encourage, capture and organize open and free-form interaction between employees, customers and partners
Social Networking Analysis	A technique for analyzing patterns of relationships among people in groups
Consumerization of IT	An umbrella term for the increasing availability, affordability and accessibility that individual users have to IT and the resultant impact on their behavior and activities, especially within or toward enterprises
Community	Semiformal groups of individuals who share a common interest or goal
Collective	Informal groups that influence enterprise success or failure but are outside the enterprise's control



## **The Seven Elements of Successful Deployments**

As it is shown in [11, 12], there are seven elements of successful deployments of social computing contents:

1. Make it open and easy to use
2. Expose connections
3. Link to e-mail
4. Identify the right context
  - Software development
  - E-learning
  - Project management
  - Posting of general
  - Communities of practice and user groups
5. Focus on people
6. Provide initial structure
7. Lead by example

## **Use Social Software to Fill the Gap between Formality and Chaos**

Main question is how application managers can use social software to bridge the gap between formal and chaotic collaboration environments. Collaboration environments that are either too chaotic or too formal both fail to give workers the tools they need to share information, debate ideas and solve problems. Application managers should try to augment established collaboration support with easy-to-use, free-form environments that encourage participants to experiment, communicate and share their work. These environments combine the usability and flexibility of communication mechanisms such as e-mail, with the persistence and organizational properties of formal collaboration support environments. They also use built-in mechanisms that rely on signals from the way users interact with information and with each



other to filter and organize the work environment in a way that mirrors the participants' real relationships with each other and with the information they work with.[13]

### **Pros and Cons of the Formal Collaboration Support Environment**

Many collaboration support environments, shared team workspaces and project repositories have formal requirements about who participates and who has access to the information kept there. They also have formal rules for how participants interact with each other and with any relevant information or documents. A good example is the way a pharmaceutical company works to get its new drug through a government regulatory process. The participants in these environments are preassigned, with certain tasks to perform. People outside the prescribed process have little or no view into the group's activities.

*The pros:* Such environments are a great way to support well-understood processes or transaction-oriented activities. These environments can ensure that a process is implemented correctly and on time. The activities stay focused on the job at hand, the information is secure, and the rules of engagement ensure quality control, consistency and accountability.

*The cons:* Formal collaboration support environments are too rigid for some activities or less understood processes:

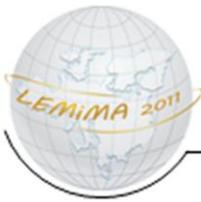
- Changes are costly and time-consuming. Information tends to become outdated.
- Many prospective participants are left out. The process itself is isolated from other activities.

### **The Pros and Cons of Chaotic Direct Communication**

Formal collaboration support environments cover only a fraction of collaborative interactions. Most work still gets done through direct peer-to-peer interactions by e-mail, instant messaging, the telephone and face-to-face conversations. [14]

*The pros:* Informal direct communication among peers works because it is simple enough to do — everyone can be reached by e-mail or the phone. This is also a straightforward mechanism for the sender, ensuring that the communication is received only by the intended recipients.

*The cons:* Heavy reliance on informal direct communication between workers creates two problems:



- Engaging the right people in a particular activity is a hit-or-miss affair that depends on whether the right information is passed on to the right people. Someone who may have something to contribute to a particular R&D project or who may have worked with a prospect in a previous role will not be able participate unless he or she is invited.
- Useful information is hidden. Others who may benefit from this information cannot reuse it. Worse, each worker ends up maintaining a duplicate personal information repository by organizing the same e-mail traffic in folders and documents on their hard drives. This is not only wasteful, but can also lead to missed opportunities, since there is little or no opportunity to learn from peers.

### **How Social Software Bridges the Gap**

Social software can help organizations combine the usability and flexibility of communication mechanisms such as e-mail with the persistence and organizational properties of formal collaboration support environments. Social software is about using opinions, comments, descriptions, labels, preferences, observations, interests, likes/dislikes and predictions as raw material for building valuable information resources. A social software environment brings together a number of capabilities that:

- Stimulate participation through informal interactions.
- Capture and organize these interactions into an emergent structure that reflects the collective attitudes, dispositions and knowledge of the participants.

Application managers can create these kinds of environments with enterprise social software, to bridge the gap between the formal and the chaotic. Note that we are not suggesting that social software should or will replace either of the two extremes. Formal collaboration environments will continue to be relevant as part of automating well-understood processes, while semi-private direct communications should continue to be used to reach specific individuals. Rather than replacing, what we are suggesting is that social software should add to the existing range of collaboration support options.

### **TECHNOLOGY NO 3: CONTEXT-AWARE COMPUTING**

Context-aware computing — technology that uses contextual information (for example, user identity, device location, activity and time) — has a complex and interlocking relationship with information security. When implemented appropriately, context-aware technologies hold the potential to deliver increased revenue, enhance employee productivity and deliver a superior end-user experience. However, the same technologies can also introduce serious data security



risks and damage the enterprise's brand reputation. These are all very serious concerns for the chief information security officers and other security professionals, and this is why Gartner has chosen to focus this collection of research on context-aware computing and security.

There are, inevitably, significant security and privacy implications for all individuals and entities participating in context-aware computing, from consumers, to enterprises, to product and service providers. There are following assumptions about Context-Aware Computing:

- Context will change physical, e-commerce and mobile commerce.
- The context information that will be relevant to security decisions is not limited to environmental context. Security technologies are now sufficiently mature and scalable to support context-aware computing.
- Technologies and services that can correlate payment card use with mobile phone information are viable and scalable, but the challenges of complexity, data privacy and integration will throttle implementations.

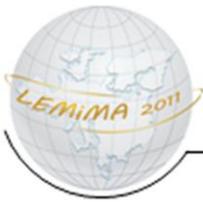
Context-aware computing has important implications for virtually every aspect of the practice of information security, however. Gartner research documents [15] in this collection show just how wide-ranging the impact of context-aware computing is, and will continue to be, on security. It is important to note, however, that many of these, though focused on the use of context-awareness in security, have implications that extend well beyond security into the general use of context-aware computing.

Context awareness becomes especially important when enterprises are dealing with external users and increasingly ubiquitous mobile devices. A variety of promising methods are emerging to enable enterprises to use information such as the location of mobile telephones to detect fraud.

#### **TECHNOLOGY NO 4: PATTERN BASED STRATEGY**

Organizations working on a Pattern-Based Strategy will learn to seek patterns across many aspects of their business. Patterns are the raw material to build impact models and the trigger that drives adaptation to risk and opportunity. Patterns exist, no matter if acknowledged or not. The point of a Pattern-Based Strategy is to become aware of the power of patterns and evolve the culture to better seek them. This purpose of this note is to raise the awareness of the patterns found in various kinds of businesses. Each example describes a pattern, the way of discovering it and its potential value.

**Technologies:** Some broadly used technologies are rich with patterns, and tools to find and monitor them are becoming readily available.



Social networks are rich with patterns. Information can come from your own logs or from third-party vendors that collect and analyze public information. Patterns take the form of recency, frequency and social connections. There are patterns of advocates and detractors, sentiment and created content. There may be correlation patterns between social activity and customer engagement through other channels. Understanding patterns can lead to better decisions of how to use social networks to drive external conversations into sales or support channels. For example, if there is growing negative sentiment about a refund policy, explaining the policy through social channels may be cheaper than changing the policy. Social network analysis tools can also reveal patterns of process and collaboration among internal organizations, and help to assign resources for special projects.

Search provides a wealth of patterns. Patterns of user recency, frequency, actions and frustration levels can drive event-based marketing or personalized content. Information can come from both on-site search and patterns provided by the commercial search services, such as Google Trends. New patterns show shift in interest or changes in specific user behavior.

## CONCLUSION

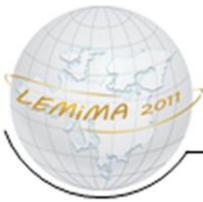
Next decade will be characterized as a confluence of these four technologies. Government, retail business, wholesale, social work and many others and other fields will be occupied by these four technologies. Providers are here: Microsoft, Google and many others will change our world in next decade. [17]

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## PROBLEMS AND POSSIBLE SOLUTIONS OF BUSINESS EDUCATION IN USA

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***Abstract.** Turbulence and uncertainty have become an integral part of life and work. Globalization, the radical and fundamental changes in the sphere of technology, organization, new demands of customers and other stakeholders who are directly or indirectly, interests in business organizations, the attention of many sciences, professions, and ordinary people. In a word, the changes have now become the only constant that does not change.*

*However, the fields of business education were put aside, i.e. it is not adequately followed changes that have happened in business practice. Due to this, there was significant gap in what students learn at the prestigious business schools in USA and what is really happening in the corporate practice.*

*The work has the ambition to shed light on this issue and point out to possible solutions to reduce the gap between current and desired state of business education, to enhance the business performance of organizational systems.*

**Keywords:** *classical business education, modern business education, high school business*

### INTRODUCTION

Investment in education is one of the top priorities of each national community. Investing in education and acquiring knowledge, skills and abilities to address specific business is worthwhile. This is because the investment in skills and fastest return with the greatest profit.<sup>18</sup> However, investing in business education is a priority of priorities. To this knowledge, as in other areas first came America, operationalized it and then other developed market countries took the idea.

Namely, the first high business schools were made in the USA with the basic idea to educate experts in business management. This idea has proven to be very good, and during the sixties in the U.S. were over 160 colleges and universities that train future managers. For three decades, business schools produced large number of managers for managing companies in various fields. They were at the highest level of social recognition, and thus very attractive to attract students to education in different spheres of business management.

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<sup>18</sup> V. Vujić: "Menadžment ljudskog kapitala", Univerzitet Rijeka, 2008. Str. 222.



However, during the nineties, the relevant U.S. media appear to doubt the quality of business schools. As the basis for this assertion, precision analysts took undisputed fact that the programs and curriculums have not changed over three decades, that are based on the postulates of the classical school of management and organizations in which determinism and schematism represent the basic characteristics of this type of management. Accordingly, it was concluded that high business schools do not educate competent managers and experts who are able to meet the new challenges that arise in the sphere of business, but also in other aspects of life and work.

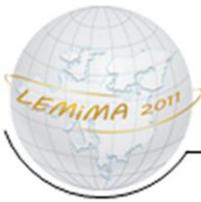
Contempt for the MBA is the first known showed HBR magazine in 1992. Great number of experts in this magazine has found that the traditional model of education is in crisis, but that is a model management of business schools is also in crisis. A large number of failed companies during the nineties showed that there is a conceptual problem in the management and the models that have been elaborated on the business schools were not applicable in practice. In March 2009, New York Times has published several articles on this topic. Authors of articles have pointed at too high determinism in education of future managers, destroying their creativity and moral reason. It was found that high business schools do not develop critical thinking skills, as is the case in studies of art, art history, literature, philosophy, working with people, religion, innovation, and so on. The epilogue is to create MBA professionals for the past, management companies in the nineties, which is degrading and unacceptable.

Finally, the famous theorist of business J. Podolny in HBR of June 2009 stated, "As long as American business schools do not make a radical change, society will be convinced that the work of MBA serves their selfish interests." Redesigning of business schools in the U.S. would automatically lead to the same or similar changes and in business education from other countries, because it shows that business schools in other developed countries generally follow what U.S. business schools do.

The fall of Enron and the economic crisis in 2009-10 showed that in the management of strategic segments of American society there are problems that imply that high business schools are not done enough to teach students to make informed decisions and that between what is taught and what is going in business practice and that there is a large gap. Stated speaks that high business schools are part of the problem, rather than solutions and that are more focused on themselves and their interests, but training of competent managers for the future.

## **DEMONSTRATED WEAKNESS IN THE CURRENT BUSINESS EDUCATION IN USA**

The high level of correlation that exists between education and the company's success is evident and undeniable. What is the population of a country less education, to be both social and economic development to be slower, lower social standards, and lower levels of democracy, and vice versa. The crisis will bear the biggest burden of the



poorest strata of the population. It is relatively well may be seen in a comparative analysis of highly developed and poor countries. It turns out that today is the highest living standards in developed countries and that in these countries, highest level of democracy, measured primarily economic freedom. Accordingly, if we want long life and health, and higher standards and greater democracy, it is necessary to devote more attention to education.

Analysis and research show that the greatest impact on business performance has management, because which the great attention is paid to future education. It is known that the professionalization of management first appeared in the U.S. through opening of the first high business schools. "In sixties, more than half of corporate managers in the United States had completed high business school. According to I. Šeparević "In 1965, educational system of the USA encompassed up to 700 schools and colleges for business administrators. Assessment was that in these schools, in the seventies, had about 600 thousand people. According to findings of the professor of Bellevue University in Washington, in late eighties, some 160 universities have organized classes in business and entrepreneurship, compared with 16 in 1970. According to the American press, in the late eighties, it was stated that the Harvard Business College educates the next generation of business leaders. Nearly two-thirds of all students attended lectures on entrepreneurship and management. Mid-seventies, 80% of freshmen at Harvard, said that one day "want to have its own company and manage it personally."<sup>19</sup> Later, other tertiary institutions adopted this practice and the business school market in developed countries, including China, which opened a typical western European school, called the Chinese Harvard Business Scholl. In this school were educated personnel who were promising. The lecturers were professors from the U.S., while the last semester students were taking in the U.S.

From the above we can conclude that one of the reasons for the economic prosperity of the United States should seek in professionalization of governing elites and the creation of conditions for development of many institutions that could serve the American management. This primarily refers to the establishment of numerous agencies, the introduction of consultants, agents and other professions that generalized individual experience and as such gave competent solutions in the business. Therefore, high business school had the highest rating and at the same time, the greatest influence on the development and expansion of American society. The U.S. administration is mainly recruited from well-known business schools that are attended by experts in public sector management.

The paradox is that after more than 100 years, we found that the great economic crisis of the 2009 occurred in the country with the longest tradition of management in the

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<sup>19</sup> L. Wayne: "Novi preduzetnici u Americi", "Pregled" Časopis Američke ambasade u Beogradu, broj 230. str. 3

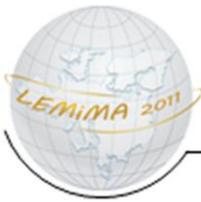


world and the country where there is a largest number of Nobel Prize winners in economics, and other sciences. The crisis occurred before the eyes of the world's most educated management in economics, finance, banking, insurance and real estate, i.e. the most prestigious and expensive universities in the world. One possible reason is the lack of fundamental education and too much reliance on the insights of classical economics and management-dominated techniques, procedures, formulas and determinants. This problem has existed for several years. It turns out that the economy, as the study of the expenditure of limited resources and management as a science that needs to maximize the limited resources of their effects, are too complex to be solved by classical concepts that existed in the past century.

At high business schools, i.e. studies of economics and management were created, and still produce managers to manage in the normal course of business. The entire infrastructure has been adapted to conditions of small and incremental changes, which is functioning on the principle of "step by step" dominated, and with it the management. In other words, management in these circumstances would include a quiet environment and a small uncertainty. In these circumstances, the emphasis was on planning which will be specified: what, who, when, with whom and with what will perform the duties and tasks. During the education of managers was insisted on accepting the best models in planning, organizing, controlling, which was supposed to be learned and as such to be applied in business practice.

However, today the situation is quite different. In recent years, radical and fundamental revolutionary changes have been seen on the business scene. They took place in the natural order, but also in the sphere of economy and society. For turbulent conditions of business some other knowledge, skills, and abilities, as compared to normal conditions are required, reflected in the search for practical solutions that can be performed quickly and with some improvisation skills solutions. Practice shows that successful generals in peacetime often become exhausted and even tragic in war conditions, and vice versa. So, today, especially in the future, the turbulences will become an integral part of life and work, a normal situations would be an exception to the decision-making process that will not be taken into account. In other words, the standard variables that are in the range of tolerance are essential for decision-making, but only those variables that are "out" of the limits of tolerance". In other words, normal situations are not problematic, because each operating system has been designed taking into account the average business conditions, the average ability of employees, managers, etc.\*

Accordingly, it can be concluded that the changes that have taken place in the sphere of business, were not accompanied by changes in education and training of future professional control to act in the bumpy conditions. It also did not show a need for so-called education of volatile and crisis management. In fact, since managers were trained to operate under normal business conditions, and considering there were less and less normal conditions, they applied what they knew and what they learned at the



high business school. However, the knowledge, skills and abilities that American students gained at the top business schools were outdated and inadequate, which produced poor results, mainly because they were given correct answers to wrong questions. Thus, U.S. business education was not accompanied by dynamic changes occurring in the economy and society, leading to an inefficient economy, and crisis as the logical outcome. In other words, the American system of education of future managers is conceptually outdated and as such was a creator of a potentially danger situations.

From the above we can say as long as American business school does not radically change, society will be convinced that the effect of MBA (Master in Business Administration) serves their selfish interests, and collecting high fees from students. Since changes are not happening, or not happening at desire level, contempt for the MBA can be observed everywhere, and the campaign against MBA lead the prestigious American newspapers. The basic objection which is directed at business schools was not to develop creativity and flexibility for future managers, but create deterministic experts, which prescribes ways to react in certain situations, although it is clear that there are no two the same situation and that solutions which have proven successful in one, can be completely opposite, that is counterproductive in other situations. On the other hand, business schools are not interested in what happens in companies and the extent to which, so to say "their product" quality in resolving commercial and other problems, whether they are professionals who graduate from these schools to participate in teams and team solve complex problems, etc. It turns out that a large number of professionals who have completed high business school were not able to diagnose the causes of certain problems, and when problems emerged, they had no quick and adequate response to their elimination, or marginalizing their consequences. The problem was that, as most experts think the way it is taught in high business schools, not realizing that the situation or case studies as they were presented during training no longer exist.

## **DEMONSTRATED WEAKNESS IN THE CURRICULA AND CONTENT**

Detailed examination of the curricula of business schools shows that in them dominated classical economics and classical management, which does not meet the needs of the modern American economy. A partial listing of some facts confirms that:<sup>20</sup>

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<sup>20</sup> Joel M. Podolny: The Buck Stops (and Starts) at Business School, Harvard Business revue, jun 2009. pp. 62-67.



- Number of teachers who deal with quantitative methods and techniques far exceeds those who emphasize qualitative techniques and the indicative approach, which reflects the determinism, as the basic characteristic of classic management. Management problems were seen with the quantitative side, and as such, they were incomplete so that they could not be resolved which produced failures with numerous consequences at corporate and national levels.

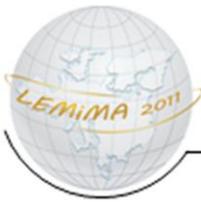
- Business schools ignored ethics because it has not been topic of surveyed traditional academic disciplines that are studied in business schools. The epilogue of this situation is known, and it is too big commercialization of all spheres of life and the marginalization of business ethics and corporate social responsibility. This is certainly the rest of the views of the American Nobel laureate M. Friedman that corporate management is solely responsible to stakeholders, and beyond this, there are no other responsibilities. It is clear that in modern conditions, company management must be responsible for the environment in which it operates, because it provides a sustainable development, a new value system that promotes the European Union.

- Leadership and leadership courses taught in business schools are problematic and thus weak. Case studies are often used to acquire the practice, but the problem is they are projected in line with what we want to confirm, and not what is really happening in the business sphere. Thus, the leadership became too exploited issue, which in turn did not give the expected results, particularly in cases when there is a classic i.e. bureaucratic organization that does not allow leadership to develop and lead to new, the quality that cannot be achieved by conventional management.

- The problem is in difficulty and speed of changing the curriculum i.e. the content of certain subjects at high business schools. Here there are more problems. First, students respond to constant changes, especially if they do not correspond with reality, and the other professors are not interested in introducing changes, and are even ready to resist changes.

- People just do not believe business schools, because they are more focused on how and how much money you make for themselves, than the quality of future MBA professionals create. In order to reduce distrust, business schools must pay more attention to principles, ethics, and attention to detail as key elements of leadership.

From the above we can conclude that high business schools 100 years ago showed a high level of scientific value in the training of professional control in terms of knowledge, skills, and ability for efficient and effective management of corporate systems. High business schools of America are little changed, and changes are cosmetic. Instead of fundamental science and research, the most important were techniques that can yield results in the short term, but inefficient in the long run. Analysis of the MBA program at Harvard University in the SAD, France, and INSEAD and Business school in Bled, Slovenia shows that the focus is on scientific research and academic work. In the curricula of these and other business schools emphasis is placed on the learning of practical techniques, technologies and concepts in management,



finance, analytical thinking, human resources, enterprise organization, strategy, marketing and case study. Problems becomes more complex, because students in these schools, business professionals of various specialties, such as economists, engineers, doctors, lawyers, chemists, graduate managers and others who are not at college get necessary knowledge for a successful business running.<sup>21</sup> Therefore, the high business schools are now one of the drivers of business inefficiencies, as future managers taught wrong model of management, and they still do. They therefore produce managers for the past, not for the present, and especially not for the future. It is relatively well demonstrated in a large economic crisis in 2009 in America, where management acted without a landmark, and insane, which is natural if we bear in mind that the management had never found itself in such a chaotic situation.

## **THE NECESSITY OF INTRODUCING NEW CONCEPTS IN BUSINESS EDUCATION OF MANAGERS**

In the previous section, the negative phenomena in the educational system of America are mentioned when it comes to the education of business people, especially managers. This is the most important thing, because it shows that a bad diagnosis lead to erroneous attribution of drugs, which instead of improving the situation of "a sick body", they bring it in even greater crisis. The recommendations presented below are the result of numerous articles appearing in the prestigious American journals, institutes, and are reduced to the following:<sup>22</sup>

- To establish a higher degree of integration of many scientific disciplines, and marginalized techniques, procedures and processes that are based on determinism. Rotman, Stanford, and Yale business schools done it. It is shown that the learning of leadership is still at the level of general and that should be banned processing of PhD, Masters and other works in this field. Learning leadership should be linked with the details and functional characteristics, not with philosophical theoretical rhetoric.

- To establish learning teams. Human resources of business school are professors rather than students and experienced managers. After several years of teaching in many business schools, they lose the need of learning and contact with the practice and generalization of the problem, so quality solutions missing. Partial perceiving and troubleshooting is also present. The solution is in teamwork, where professors from the "stronger" and "mild" discipline develop teaching materials and present it in the same classroom. It must become the rule in business education. In

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<sup>21</sup> Više o navedenom može se videti u: Ž. Radosavljević: Application of new concepts and tehnology in economics", MC ANTIM, 2010. P. 2-4.

<sup>22</sup> Detaljnije o navedenom videti u: Joel M. Podolny: The Buck Stops (and Starts) at Business School, Harvard Business revue, jun 2009. pp. 62-67.



these circumstances, the practice in which one professor speaks of entrepreneurship affirmatively, and the other as a dark side of business would be eliminated. This will lead to the introduction of so-called holistic system of understanding business problems and their solutions, as a qualitatively new concept and technology in managerial work.

- To encourage high quality research and quality problems accessing. Teachers from the so-called social and humanistic fields are in the minority on most business schools, or those who teach: leadership, organizational culture and behavior, value systems, business ethics, social responsibility, etc. Without more teachers in these areas, business schools cannot educate capable managers of the future, but educate them about the past, which is gone with the wind.

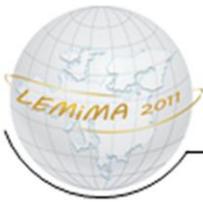
- To stop forcing money as the main goal, i.e. a profit as the basis of each business, and in particular to abandon the outdated way of measuring the performance of managers that boils down to measuring the effects while the manager has managed the company. "Maybe the best evaluation of managers (CEO) would be one that would be carried out after its term, i.e. whether the CEO leaves behind a weak or a strong company. The final list of the most successful corporate executives would be one whose companies attained good results not only during their term, but after them too."<sup>23</sup> That would show that the measuring is necessary after leaving the company. Special emphasis is to stop advertising what it is worth a business school diploma and promotion of their graduates who have achieved outstanding results. Cynics would say that this is inconsistent with freedom, but it shows that one of the characteristics of each profession is to accept certain restrictions.

- To introduce Hippocratic Oath as the rule of school behavior. Thunderbird School of Global Management practices this. Its students take Hippocratic Oath in school, and carried out when its students graduate, which is considered as a step in the right direction, given that business ethics is important to implement ethical standards in business practice.

- Curricula for high school business will be radically changed and instead of traditional science and technology, introduce modern, or those that match the spirit of the time and complexity of the problems that are solved. For example, instead of rhetoric and oratory, to introduce silence and listening, as well as better skills, because when management tells it provides information to listeners, and when listens obtains information, which is a key factor in successful making management decisions. Human resources management must be based on a completely new concept, i.e. concept that takes into account intellectual capital, as the most important resource in organizations. Business ethics and corporate social responsibility are needed primarily in U.S.

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<sup>23</sup> Morten T. Hansen, Herminia Ibarra, and Urs Peyer: "The Best\_Performing CEOs in the World", HBR, januar-februar, 2010. p.112.



business schools; because it shows that U.S. is significantly behind corporative concept of social responsibility in relation to the European Union.

- In high business schools should be introduced scientific disciplines in crisis operations, such as crisis, or seismic management, guerilla marketing, crisis operations, and so on. That would be a good basis to perform ongoing training and practice of action in emergency or crisis conditions.

The famous American magazines are recommended that managers learn from doctors and lawyers and to establish institutions in managerial profession, where their ethical chamber oversee professional performance and behavior of its members, to strengthen the ethical side of business and management. This could be done with business schools, the establishment of high professional and ethical committee that could invalidate the diploma students who violate the regulations and ethical business standards. In these circumstances, earlier high business schools could continue to issue diplomas, but would not be able to become members of the association, attend meetings and to use the degree to promote their expertise. Therefore, graduate managers in the above situation could have a degree, but not the right to work, if they are not members of these associations.

How much higher education systems of other developed countries are dependent on the concepts and practices of American business education can be seen by the fact that currently in Europe there are very few indigenous programs for MBA. A similar situation is in Serbia, because there is none, native Master of Business Administration program, which is conducted in English or in Serbian. In Serbian "Harvard Business Scholl" most lecturers are professors or businessmen who have gained business experience working in leading companies, who know the characteristics of market economy and the socio cultural, religious and customs of Western European civilization, but not specifics of the Serbian economy and society. This raises the logical question, why is there no national program, whether they are needed and if there are enough domestic professors and experts for teaching.<sup>24</sup> The introduction or the creation of indigenous MBA program would be useful for Serbia, because the future managers will be able to manage corporate organizations that operate in the Serbian cultural and sociological environment. Any mechanical transfer of foreign programs, or general practice experience and from other higher education institutions, or companies, it is not acceptable, because it shows that "not every seed grows on every soil".

Despite these criticisms, research shows that the executive directors (CEOs) who have completed high business school ranked higher and get better results than those who did not complete the school. This was especially during or after completion, so to say the

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<sup>24</sup> D. Golijan: MBA na prekretnici". "Ekonomist", Beograd, mart 2010. str. 48.



economic crisis. Analysis of business performance of 1109 executives from Germany, Britain, France, and the U.S. have shown that 32% of executive directors who have completed high business schools were ranked higher for average 40 places, than CEOs who have not finished business school. Even in the troubled, the financial sector during the crisis, the CEOs with a business schools degree ranked better than those without. This finding suggests that high business schools have problems to follow the latest developments and implement appropriate solutions, but that without them the situation would be far worse.<sup>25</sup>

## RESUME

Business education is responsible for the rapid progress of American civilization, as in the sixties in the U.S. first business high schools appeared, which are attended by experts in business management. From then until the present time, business schools are not radically changed their programs and training future managers. MBA in different areas are not adapted to new challenges and uncertainties that exist in modern business. On the necessity of restructuring the MBA program been discussed for almost 20 years, i.e. in 1992 HBR magazine published an article about MBA who has warned that the MBA is in crisis. JM Podolny in the same journal in 2009 cited the need for radical change in MBA. Finally, the economic crisis in 2009 has shown and proved that there is a problem in education of future managers, because they educate managers for the past, not for the future.

Bearing this in mind, many business schools redesign their curricula and facilities. They are eliminated, or deterministic subjects that dominated the classical management and economy marginalize, such as operational research, mathematics, quantum analysis, etc, and introduce the articles that are oriented to people, such as psychology and sociology, work with people, knowledge management, ethics, corporate social responsibility, career planning, social entrepreneurship, leadership. By introduction of these cases, traditional and subjects belonging to the classical school of management were marginalized. Therefore, a time of great change impose the need to change business education at the same speed at which the business environment is changing. Otherwise, high business schools are doomed to failure.

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<sup>25</sup> Pomenuta istraživanja su obavili Morten T Hansen, Herminia Ibarra and Urs Peyer, a rezultati istraživanja su objavljeni pod naslovom: "The best-Performing CEOs in the World", Harvard Business Review, januar-februar 2010. pp. 105-113



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## БЕНЧМАРКИНГ В УПРАВЛЕНИИ ОБЩЕСТВЕННЫМ СЕКТОРОМ

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### **Резюме:**

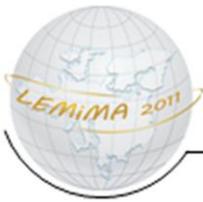
*Менеджмент как наука и как профессия главным образом обошел общественный сектор, даже в высоко развитых странах мира. Причины этого надо искать в слишком большой идеологизации общественного сектора, понимании государства как политического образования, а только в меньшей степени как экономической системы, которая должна создавать удовлетворительный эффект в вопросах создания благоприятной деловой обстановки, связывания отдельных подсистем на национальном уровне и включения в международные политические, экономические, экологические и другие течения. Тем не менее, существует самая лучшая практика в отдельных странах в вопросе управления общественным сектором. В целом, все что делает и применяет общественный сектор – более или менее принято из теории и практики управления деловыми организациями, что лучшим образом свидетельствует о том, что сходства в управлении государством и большими компаниями почти идентичны. Данная работа имеет своей целью указать на самую лучшую возможную практику в управлении общественным сектором в отдельных общественных компаниях развитых рыночных стран, для того чтобы их опыт применить и в практике управления публичным предприятием в странах в переходном периоде и в Сербии.*

### **Ключевые слова:**

*бенчмаркинг, общественный сектор, управление общественным сектором*

## **ВВЕДЕНИЕ**

Бенчмаркинг – техника современного менеджмента, путем которой утверждается хорошая или лучшая практика деятельности государств, организаций, агентств и т. д., с целью внедрить хорошую практику и в собственных организациях. При этом важно не осуществлять механический перенос хорошей практики из одной организации в другую, а необходимо, чтобы это было выполнено по принципу творческой имитации. Это



значит, что существующая практика анализируется и расценивается может ли она и в какой степени быть релевантной для конкретной организации.

Государства, т. е. общественный сектор в развитых странах часто использует бенчмаркинг для того, чтобы свои результаты сопоставить с результатами других, даже самых лучших. В упомянутом контексте, в округе Эссекс в штате Нью-Йорк с 37 000 населения бенчмаркинг является составной частью проекта управления сектором услуг, который находится в ведении государства. Данная техника в упомянутом штате используется для того, чтобы исследовать сектор здравоохранения, социальной защиты, и т. д. для того чтобы установить способы для более успешного функционирования упомянутых секторов.<sup>26</sup>

В Сербии, как и в других странах в переходном периоде, эта техника недостаточно использована, особенно когда речь идет о общественном секторе. Если она и была использована, то сопоставлялось то, что нельзя сопоставить, то есть "яблоки и апельсины". Поэтому и отсутствует ответ на вопрос, кто мы и какие мы с позиции других.

## **БЕНЧМАРКИНГ В ОБЩЕСТВЕННОМ СЕКТОРЕ**

Исследования показывают, что очень трудно выявить секреты успешности отдельных правительств, или их ведомств, как из-за относительной закрытости этих систем, так и из-за невеликого числа тех, которые могут быть обозначены как самая лучшая практика в мире. Проблема, конечно, становится еще сложнее, если знаем, что теория менеджмента недостаточно развита, т. е. применена в общественном секторе, в силу чего не существуют ни критерии, на основании которых мы могли бы с большой степенью вероятности установить, что это и какая самая лучшая практика управления.

Оказалось, что многие правительства вводят в общественный сектор то, что Питер Друкер однажды назвал "управление по целям", при чем ударение ставится на определение и фокус на цели. Основным критерием, согласно этой разновидности управления, является то, в какой степени осуществлены заданные цели. Наряду с этим, в практике управления общественным сектором используются и другие методы, такие как: партиципативное управление, управление расходами и т. д. Скорее или позднее общественный сектор, имея в виду его различия и сходства с частным сектором, будет

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<sup>26</sup> L. Logmire: „Dare to ask, how do we stack?, *American City and Country*, No 5, 1997. p. 6.

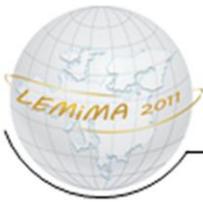


использовать все виды менеджмента, зачастую лишь с очень маленькими, т. е. косметическими изменениями.

Одна из самых распространенных идей, проносящихся по общественному сектору – идея о том, что "потребитель – король", это то, что Теодор Левитт проповедовал в частном секторе в течении 60-х годов и что Том Питерс повторял в течении 1980-х. У правительств Канады и Дании уже долгое время есть администрация, относящаяся к пользователям общественных услуг так же, как это делается в частном секторе. Подобную практику ввело и британское правительство, с инициативой Гражданской грамоты. Даже такие преславутые организации, враждебные к потребителям, как американская Федеральная Налоговая Служба и лондонское метро, приняли "стандарты услуг потребителям". Также и китайское правительство издало приказы, в которых она поручила своей бюрократии не быть грубой со своими гражданами. Такое направление естественно, ибо борьба за покупателя, то есть клиента, стала неизбежной, так как исходит из того, что за потребителем всегда есть выбор.

Однако, между декларативным и действительным – большая разница, даже в частных организациях, не говоря уж о общественном секторе. Это факт, что у граждан, пользующихся государственными услугами, зачастую нет выбора, а они заставляются использовать исключительно услуги, предоставляемые государственными органами и канцеляриями, и это показывает, что у позиции Левитта по отношению к покупателям почва недостаточно благоприятна для того, чтобы она действительно зажила. Однако, с течением времени и в общественном секторе создадутся условия для того, чтобы с покупателями, то есть с гражданами обходились, как это делают и частные компании. Тем более что нет никакой причины для того, чтобы самая ненавистная профессия в современном мире, сборщик налогов, с клиентом вела себя иначе, чем любой служащий в частной компании. За хорошее поведение служащие в частном секторе часто награждаются. Например, в Великобритании, Австралии, Новой Зеландии начальники отделений в отдельных министерствах поставлены на эти позиции на определенное время и награждаются, частично, на основании их производительности. В Сан-Диего, в Калифорнии, городские менеджеры могут добиться бонуса и к 10%, если их агентства превзойдут договоренные цели, что аналогично практике в крупных компаниях, когда превзойдутся эффекты, предусмотренные т. наз. опционными договорами.

На основании сказанного можно констатировать, что и устройство общественного сектора в развитых странах значительно изменилось и что оно же в отношении к клиентам, служащим и окружению приближается к практике в частном секторе, оказавшемся куда более эффективным, чем общественный. Это видно из следующих примеров.



## **ПРАКТИКА ПРИВАТИЗАЦИИ ОБЩЕСТВЕННОГО СЕКТОРА, ИЛИ НЕКОТОРЫХ ЕГО ЧАСТЕЙ**

Практика показала, что самый лучший способ совершенствования функционирования общественного сектора – его сокращение и преобразование государственного имущества, как основания для функционирования государства, в частное имущество. В данном контексте, многие традиционные виды деятельности, бывшие в ведении государства, все больше переходят в частный сектор. Тем образом создается благоприятная почва для введения современных концепций менеджмента, основывающихся на уважении интересов граждан и понимания их же, как пользователей этих услуг. Наглядный пример – приватизация телефонной сети и в небольших местах, когда телекоммуникационная услуга более качественна и когда нет возможности проплатить какого-либо государственного чиновника для того, чтобы подключиться к телефонной сети или набрать телефонный номер. Вот откуда сопротивление государства приватизации стратегических, т. е. тех ресурсов, которые функционируют по принципу монополии, и где существует большая, условно говоря, "свобода" принятия решений, не считаясь с пользователями услуг.

Оказывается, что после осуществления приватизации государственных предприятий в развитых странах состояние остро меняется в вопросе качества услуг и повышения конкурентоспособности. Это произошло и с Британским телекомом (ВТ), когда в течение восьмидесятых годов он превращен в частную компанию. В конце восьмидесятых годов в ВТ произошел переворот в отношении управления услугами, предоставляемыми деловым клиентам. Ключевым моментом было трудоустройство выдающихся менеджеров, занимающихся клиентами. Они предварительно прошли интенсивную подготовку, касающуюся отношения к клиентам, что им позволило анализировать их потребности и решать их проблемы путем командной деятельности, что до приватизации было почти невозможно.<sup>27</sup>

Подобная ситуация и в Франции, где управление дорогами предоставлено частному сектору, который поддерживает дороги и взимает дорожные налоги по ценам, определенным правительством. С другой стороны, и другие, менее важные дороги, предоставлены частному сектору, как например в Сингапуре.

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<sup>27</sup> J. Dolan: „Marketing management cases“, International edition, Mc Graw Hill, Boston, 2003. p. 139.



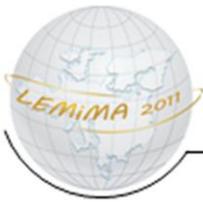
## **ПРАКТИКА ВВЕДЕНИЯ МЕНАДЖМЕНТА В ОБЩЕСТВЕННЫЙ СЕКТОР**

Наколько нужен менаджмент в общественном секторе, включая и его самые чуткие части, такие как здравоохранительная и образовательная системы, относящиеся к государственному имуществу, можно убедиться и на примере Британского общего здравоохранения (БОЗ). В частности, долгое время в этой части общественного сектора бурлило недовольство и жалобы на качество предоставленного общего здравоохранения. Это частично последствие его масштабности, так как установилось, что в течении его исторического развития, государство здесь было второй работодател по масштабности в Европе, сразу после Красној Армии.

Согласно всем принципам менаджмента, БОЗ должен измениться и выполнить коренную перемену своей деловой философии, т. е. переустроиться и ввести новый менаджмент. Данная система этого никогда не сделала, потому что занятые рассуждали, что сколь бы ни плохими вещи были, они могут еще больше ухудшиться, если политики вмешаются в их управление. С другой стороны, сколь бы ни различными были интересы занятых и потребителей, благодаря государству, эта система выживала и представляла собой большую сложность для всех составляющих, которые посредственно или непосредственно осуществляли свои интересы.

Между тем, так как у всего есть свое начало и свой конец, в девяностые годы прошлого века принято решение реформировать БОЗ, при чем на помощь вызвали науку о менаджменте. Реформу этой системы проводил знаменитый ученик Роберта Макнамары – Алэн Энтовен. В процессе поставления диагноза констатировано, что БОЗ "страдает нехваткой настоящих инициатив с хорошими характеристиками, и что произошло столкновение разных групп поставщиков, и что врачи принимали все важные решения в связи с распределением ресурсов." Другая проблема в том, что средства распределялись путем декрета, по критерию исторических расходов, в которые входили даже происшествия, которые не произошли, или неиспользованные потенциалы. Таким образом, больницы с большей численностью пациентов оставались без средств, а у тех с меньшей численностью был излишек ресурсов. Итак, произошел парадокс, что больницы, привлечшие пациентов, оставались без средств, а неуспешные больницы, потерявшие пациентов, получили ресурсы.

Третья проблема заключалась в том, что принятие решений было концентрировано на высшем уровне, где решающее влияние было за врачами, роль которых была придумывать способы, как увеличить "прилив" финансовых средств, а менее задумываться над расходами и над тем, как улучшить качество больничной услуги.



Разумеется, что три упомянутые проблемы создавали и другие проблемы в больницах и в горизонтальном и в вертикальном измерении, что систему делало неустойчивой. Решение найдено в упразднении установленных проблем, а особенно в старании, чтобы больницы больше функционировали по принципам самоуправления – идея, приемлемая и для премьер-министра М. Тэтчер. Это была первая победа науки о менеджменте в части общественного управления, хотя БОЗ после выборной победы Маргарет Тэтчер в 1987 году рухнул из-за нехватки фондов, которыми общее здравоохранение финансировалось. Идея о самоуправляемых организациях снова интенсифицирована в девяностые годы прошлого века, когда большое число больниц приняло эту концепцию работы, а большое число врачей общей практики стало "собственниками фондов". Триумф науки о менеджменте в конкретном случае был и в том, что проявившиеся проблемы в этой части общественного сектора привели к секретной коренной реконструкции правительства, так что новое правительство составляли лишь премьер и четыре члена кабинета министров. Вплоть до тех пор правительство образовалось путем открытия министерств или новых рабочих мест, ради трудоустройства своих партийных единомышленников, откладывая решение проблем и т. д.

Хотя реформа БОЗ была критикована и сопровождается многочисленными проблемами, идея преобразовать одну из самых громоздких частей общественного сектора все-таки заслуживает внимание. Она продолжена при сокращении числа менеджеров, но и корректировке их зарплат, которые были значительно выше зарплат медсестер. Главный результат был тот, что увеличилась численность пациентов, лечащихся в больницах, в десять раз сократилось число пациентов, ждущих приема в больницу в середине девяностых, по отношению к концу предшествующего десятилетия. Также увеличено число привитых детей, при одинаковом как прежде числе врачей, а улучшена и экономика доходности больниц.

По анализам Королевского фонда и лондонской Высшей школы экономики, ресурсы были в соответствии с потребностями здравоохранения, расходы меньше, а выделения из бюджета также меньше. Самый важный эффект был тот, что пациенты в преобразованных больницах были довольнее. Согласно опросам 1994 года, порядка 50% пациентов считало, что здравоохранительные услуги улучшились, 60% – что они получают более точные услуги, а только 7% считало, что ситуация хуже, чем до реформы Британской общей здравоохранительной системы. Занятые были еще довольнее пациентов.



## ПРАКТИКА ВВЕДЕНИЯ МЯГКОГО СТИЛЯ В УПРАВЛЕНИЕ

Лондонское метро подает сведения в связи с характеристиками различных линий по отношению к намеченным целям, и по отношению одних к другим. Штат Орегон ввел 270 ориентиров, измеряющих все, от уменьшения количества подростковых беременностей до очистки окружающей среды, и перешел на финансирование из бюджета, основывающееся на производительности. Если людям говорить, как хорошо или плохо они работают, это может радикально повлиять на улучшение функционирования общественного управления. Совет Сатворка, традиционно одного из самых бедных и самых левачских городков в Британии, разделил свое управление жилищно-коммунального хозяйства на 19 соседних канцелярий и потом наскучал сведениями о том, как хорошо они выполнили свою работу, и по отношению одних к другим, и по отношению к другим советам. Совет также опубликовал все сопоставительные данные. По 1995 год Сатворк быстрее обрабатывал и решал жилищно-коммунальные проблемы.

В менеджменте публичного управления все больше применяются мягкие стили, противостоящие тем, которые основывались на глубокой организационной структуре, т. е. на иерархическом старшинстве и субординации, в которой каждый более высокий уровень управления имеет более высокий степен власти по отношению к иерархическим уровням ниже.<sup>28</sup> Например, "некоторые официальные лица в американском правительстве имеют при себе маленькие золотые визитки, "уполномочивающие" их принимать решения без предварительного обращения к своему начальству. Некоторые отделения издаю даже "прощальные купоны", заранее прашающие людям их ошибки, в целях поощрения усвоения новой концепции власти, менее ограниченной правилами. Одно отделение в Государственной лесной службе, в национальном парке Очоко, в Орегоне, ввело "призы Гру", названные так по одному сотруднику, которые сотрудники могут вручать друг другу за замечательно выполненную работу."

Введение более мягкого образа управления впервые приложено при президенте Клинтоне. Недолго после того как Билл Клинтон был избран президентом, он устроил уик-энд сближения, организованный для того, чтобы подстрекнуть более эффективное создание команды, в течении которого два "помощника" пытались склонить всех присутствующих к признанию какого-нибудь тайного влечения и к знакомлению. Эта техника оказалась эффективной, так как неофициальная и непринужденная обстановка самая лучшая для получения информации. Известный политический авторитет в США Аль Гор отметил, что он любит награждать "героев реорганизации", поставив всех в известность о том, что надо думать, как определенную работу выполнить самым

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<sup>28</sup> О упомянутом больше в: S. Robbins and M. Coulter: „Management“, Prentice Hall, New Jersey, 2003. P. 456.



эффективным образом. Значит, этот политик требует, чтобы "работалось умнее, а не больше", что соответствует требованию делать надлежащие вещи.

В американскую государственную администрацию все больше внедряется практика позволять людям расслабиться, т. е. избавиться от страха, предотвращающего их добиться лучших результатов, особенно если они сделают ошибку. Итак, если служащий в общественном управлении сделал ошибку из-за отыскивания нового способа выполнения какой-либо деятельности или задачи, менеджмент встанет за такие поступки. Единственное исключение – когда ошибки повторяются.

Большинство "нормальных" компаний сегодня совершают свою творческую работу в самоуправляемых командах, в которых члены равноправно рассуждают и предлагают решения определенных проблем. Довольно долгое время общественный сектор главным образом игнорировал данную практику и функционировал на принципах классической, т. е. централистической организации. Лишь с ноября 1995 Майкл Хезелтайн, успешный издатель в частном секторе, убедил своих коллег в кабинете Джона Мейджора принять "Cable-net", информационную онлайн систему, в целях смягчить, путем создания вычислительных сетей, традиционный способ управления государством.

## **НЕОБХОДИМОСТЬ РЕИНЖЕНИРИНГА В УПРАВЛЕНИИ ОБЩЕСТВЕННЫМ СЕКТОРОМ В СЕРБИИ**

Менеджмент как наука и профессия не достаточно распространен в Сербии, как стране в которой переходный период длится вероятно дольше, чем в любой другой стране. Это утверждение особенно относится к общественному сектору, идеологизированному и политизированному в высокой степени. Так мы наталкиваемся на парадокс. В то время как над современным миром нависает угроза профессионализации не только управления, но и всех структур и субъектов, непосредственно или посредственно осуществляющих интересы в организационных системах (собственники, занятые, поставщики, покупатели, общественность), Сербии главным образом грозит страшилище дилетентизма и политиканства, достигшие высокого уровня совершенства. Результат такого состояния известен и ожидаем, ибо, согласно кибернетическим законам, "ничто не возникает из "ничего", а все возникает из чего-нибудь, т. е. чтобы достичь успеха, нужны большой труд, усилия, вложения прежде всего в человеческие потенциалы, и т. д."<sup>29</sup> Значит, все

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<sup>29</sup> *О технологии успешности во всех, тем самым и в организационных системах, возможно видеть больше*  
в: *M. Radosavljević: Holistička tehnologija uspešnosti*, FORKUP, Novi Sad, 2011. P. 79-80



параметры, на основании которых измеряется успех какого-нибудь общества, ухудшаются (ВВП, темпы экономического роста, внешнеторговый баланс, жизненный уровень и т. д), а на подъеме лишь параметры уменьшающие успешность экономики и общества, такие как увеличенные расходы, инфляция, коррупция и т. д.

Указанное навязывает необходимость реинжиниринга во всех частях экономики и общества, а особенно в общественном секторе, который зачастую является "зеркалом" определенного общества. Кажется, что введение профессионализации управления во всех сегментах экономики и общества, а особенно в публичном секторе, приносило бы лучшие результаты, так как введение менеджмента воздействовало бы мультипликативно на остальные сегменты экономики и общества.

В приведенном контексте, а имея в виду практику развитых рыночных экономик мира, в Сербии, в общественном секторе, надо неотложно принять следующие меры:

- Сократить общественный сектор путем приватизации и свести его лишь к необходимым, т. е. таким видам деятельности, предприятий и мероприятий, которые нужны для обеспечения нормального функционирования экономики и общества. Значит, нет экономического оправдания тому, что в настоящее время существуют сектора образования и здравоохранения, находящиеся в ведении государства, с примерно 200 000 работниками, состоящими в государственном списочном составе, ибо понятно, что такой громоздкой системой невозможно управлять. Значительную часть начального, среднего и высокого образования, так же как и здравоохранения можно уступить частному сектору, а роль государства заключалась бы в создании благоприятной обстановки для всех видов деятельности, предписывании стандартов и контроле над их осуществлением. Отмена обязательной воинской повинности – шаг, который надо продолжить и в других областях.

Факт, что общественные предприятия не приватизированы, предоставляет шанс осуществить эту коренную перемену эффективно, что увеличило бы их успешность, так как и они, подобно другим предприятиям, обладавшим монопольными позициями, были бы подвернуты конкуренции.

- В государственную администрацию и управление общественными службами надо следовало бы ввести профессиональный менеджмент, который увеличил бы эффективность государственной администрации, считаясь с тем, что менеджеры – специалисты по управлению организационными ресурсами и которые в состоянии, располагая ограниченными ресурсами (которых будет все меньше и меньше), осуществить намеченные цели. Введение специалистов по управлению государственной администрацией улучшило бы организацию правительства, т. е. министерств, потому что в таком случае они бы, а не политические партии и их лидеры, проектировали,



выстраивали и управляли отдельными сегментами государства. Таким образом и остальным частям экономики и общества был бы дан пример.

Предшествующее утверждение относится и к профессионализации политических лидеров, обладающих самым весомым влиянием на проведение политики, что вполне естественно, потому что они прокладывают дорогу и определяют рамки, в которых будет двигаться определенное общество. И здесь, как указано в настоящей работе, они должны закончить бизнес-школы или образоваться в области менеджмента в бизнес-колледжах, для того чтобы могли управлять своими политическими партиями, но и понять деловых людей и менеджеров, которые будут находиться в государственной администрации и которые должны операционализировать программу, на основании которой определенные политические группировки получили мандат на формирование правительства.

- Введение профессионализации в политический и общественный сектора привело бы к тому, что выполнение самых важных и самых сложных функций доверилось бы образованным людям, т. е. людям, обученным связывать и управлять ограниченными ресурсами и при наименьших экономических затратах осуществлять поставленные цели. В то же время, это и эффективный способ удалить феодализацию и дробление функционирования правительства как исполнительного органа, но и общественных предприятий, потому что введение профессионализма в управление создает условия для профессиональной, а не любительской работы.

На основании сказанного можно утверждать, что введение коренных и радикальных перемен, т. е. реинжиниринга в организации и управлении общественным сектором и политическими субъектами Сербии – приоритетный и неизбежный вопрос.

## **ЗАКЛЮЧЕНИЕ**

Хотя общественный сектор не является благоприятной почвой для установления профессии менеджера, тем не менее, все больше государств решается сократить общественный сектор путем его трансформации в частный сектор. Это относится и ко всем отраслям, которые, как традиционно считалось, должны быть под юрисдикцией государства, т. е. к общественным предприятиям, осуществляющим деятельность государства, т. е. к местному самоуправлению. Введение профессионализации в общественном и политическом секторах Сербии по принципу реинжиниринга является приоритетной задачей. Это значит, что косметических перемен, таких как сокращение числа министров, соединение отдельных ведомств, введение кодекса поведения и т. д. недостаточно, особенно если и эта реорганизация проведется по политическим критериям. Итак, надо преобразовать философию, но и технологию функционирования

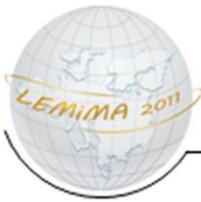


государственной администрации и общественного сектора, особенно отменить феодолизацию, раздробившую общественный сектор по политическим критериям и ввести целостно системную философию и технологию, которые в первый план выдвинут успешность системы как целого, а не партийные, т. е. частичные интересы.

Несмотря на некоторые критики насчет введения менеджмента в общественный сектор, практика доказывает что менеджмент как наука и как профессия принес больше пользы, чем вреда. Поэтому и возникает потребность путем внутреннего и внешнего бенчмаркинга установить лучшую практику и ее же внедрить в определенные сегменты общественного сектора. Для этого не нужны часто никакие дополнительные финансовые средства, а только консенсус о потребности введения профессионализации в общественный сектор любого государства.

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## NECESSITY OF INTRODUCING PROFESSIONAL MANAGEMENT IN THE PUBLIC SECTOR

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**Abstract:**

*The fact is that the management profession does not have a place that belongs to it according to its significance both in the sphere of science, and business practice of the public sector. In today's business world, training, professionalism, and ability to integrate are key factors for business success. This is especially true for the public sector of countries in transition and the public enterprises; public institutions and administration, which still operate on the principles of the politicizing, amateur and feudalism of the public sector, or some of its parts.*

*The aim of this work is to present the state of management in the public sector in the context of contemporary understanding of these phenomena, summarizes pros and cons of the introduction of professional management in the public sector and point out the necessity of professionalized management in all areas and institutions of the state sector. Results, or thoughts presented in this paper can be used in designing the management of public sector in Serbia, which is subject to managerial and organizational problems, which directly produces inefficiency of the economy and society as a whole.*

**Keywords:**

*necessity of professionalization, public Administration, public management*

### INTRODUCTION

Public management is one of the dark sides of modern management. It is not enough scientifically founded, so often in public sector management are used technology and concepts of industrial management, which is obsolete, and that is not able to respond to new demands of industry, let alone the public sector. This is the reality, to which at one point warned one of the best experts in management P. Drucker, concluding that, "The public sector is crying out for professional management." Former U.S. President Ronald Reagan stated that the greatest minds are not in governments or state institutions, and they are, the industry bought them long ago. This reality, unfortunately, still exists, even in developed market countries, especially in transition countries that suffer from too large ideologization.

Damage from such understanding of the place and role of management in public administration and sector are numerous and are the result of politicking, which is converted to a "professional amateurism of the worst kind". In the world of high specialization and professionalism that constantly rising standards and stricter criteria for the management of even the family business, in political structures the argument that the management of individual departments must be given to politicians is present and that here managerial knowledge, skills, and abilities are not required. The epilogue of this argument is that the members of the government i.e. the ministers are mainly



political leaders or influential people in their party, not a management professionals. Therefore, it looks like you need to take driving test to ride a motorcycle or car or, but not for management some public sector, or its activities work.

Social and economic situation suggests that the economy is the result of a too great presence of ideology, a little economy, and that it is necessary to introduce re-engineering in the public sector as a prerequisite for achieving greater business success.

## **PROS AND CONS OF MANAGERIZATION OF GOVERNMENT**

P. Drucker more than half a century ago claimed that the management is needed in the public sector, but that in this part of the national economy; even in developed countries is not present enough. Tom Peters in the beginning was reluctant regarding the introduction of management in the public sector, and later accepted it. The third management guru, Micinberg, was against the introduction of management in the public sector, which shows there are misunderstandings, even from people who have their lifetime devoted to the problem of governance.

On the other hand, the lack of application of management in the public sector seems responsible management theorists who did not provide enough arguments for the need to introduce this science and profession in the public sector. Material liabilities referred to the political leaders and diplomats who have failed to recognize concepts that could be aimed at increasing national success in certain countries.

Regardless of what is cited in theory and practice of public management, there are two opposite opinions about the place and role of management in public administration.<sup>30</sup>

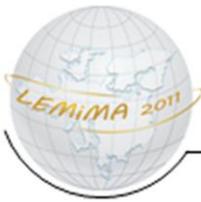
*The first view* is that the state according to Singler's law is slow, inefficient and generally, a bad host i.e. is not interested in increasing success. On the other hand, the state has special sectors such as education, health, cultural and other institutions that by nature do not correspond with the management, because the presence of the managerialism could endanger the morality, Hippocratic Oath, etc.

According to this view, in the state i.e. the public sector there is no place for economics i.e. management.

*The second view* assumes that every organization is interest one and that in the wider context there is no organizations that are not interested. According to this view, educational, health systems, including the American Red Cross, which is considered one of the largest humanitarian organizations in the world, is an interesting organization too. In other words, each of these and other organizations are forced to

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<sup>30</sup> Detaljnije o navedenom u D. Ozborn, T. Gebler: Reinventing Government: How the Entrepreneurial Spirit Is Transforming the Public Sector, Boston, (1992)



with limited resources achieve greater effect, which creates space for the introduction of management science and profession. Therefore, managerialism has task to manage the scarce resources, which will in future be even smaller, and that with such limited resources (natural, financial, IT, and others) realize the greater effects.

In order to remove possible doubts on the need for management in the public sector, it is useful to compare differences in the operation of management in the public and private sectors. Comparing public and private sectors can partly provide conclusions and arguments for and against management in the public sector and managerialization of government in general. In '80s, i.e. '90s with this problem deal world famous authorities of both management and prime ministers, who are more or less unsuccessfully tried to implement management in the public sector.

Pros and cons of managerization of government could be summarized as follows:

- Between public and private sector there are fundamental differences, so that management for one, can never be applied to other sectors, given that a management policy is applicable to one and another, even opposite in other, or other sectors.
- Citizens are not customers of the Government, as is the case with the private sector. Citizens behave one way when they use public services, which are often forced to (such as military service), and in a different way when it comes to the commercial sphere that depends on their will.
- Citizens often do not have a choice using public services, as is the case with the private sector, so the public sector is not interested in customers of its services
- Government has responsibilities towards all, which in practical terms means that does not suit anyone. In business organizations, management is responsible toward owners, which means that the subjects that correspond to the subjects before which the suits are known.
- The Government has secured from the bankruptcy, because in case of bad decisions it has available enforcement mechanisms such as tax increases to replenish the budget and balance government revenues and expenditures or raising taxes, duties, and ultimately in creating money. Management is exposed to permanent threats from bankruptcy that under conditions of high competition is becoming intense.
- Government its legitimacy and legality draw from the ruling party and because of that employed in public administration by nature are loyal to the party and its policies, and by the change of government, like-minded of party which won the elections are coming.
- The government and its ministries i.e. public enterprises and public administration in general frequently live in "the forest of regulations" which are often operated by people outside of the context, instead people to manage regulations.
- Finally, the fundamentals of functioning of public and private sectors are different. The public sector often decides to take linear steps in solving problems, while this is



not the case in the private sector. For example, governments tend to believe that the laying off the public administration is expensive, due to severance pay for older workers, or counterproductive, because in a linear reduction of state administration often leaving young and talented workers, as can be seen from the U.S. experience. When the U.S. Department of Building decided to reduce personnel of its computer department, 20% of them were forced lay of their youngest and most promising workers, i.e. those who know the most about computers.

It is clear that in the private sector there are no such approaches in solving problems, because they are not required to precisely and strictly obey law and regulation, given that in many cases are not accountable to the legislature for its actions.

- To negative perceptions about the implementation of management in the public sector have contributed some events in developed countries, especially in Great Britain, where the number of managers in health systems increased drastically, and therefore their salaries and the number of nurses and their salaries have declined in overall cost structure. Namely, “the number of health managers in Great Britain in the period 1989-1989 increased by 18,000 while the number of nurses fell to 27,000. The average annual salary of hospital managers was £65,000 in mid-nineties and it was growing twice as fast as the average salary of nurses. The total wage bill of management in the period 1989-1994, amounted to 160 million pounds, while the fund during the 1994, was around 720 million pounds.

Preliminary data show that managers in this important sector were overpaid; nurses were underpaid, which was not acceptable to the majority of employees in the health system. Increasing of the number of managers has led to inertia in responding to urgent and priority cases, which reduced the quality of health services.

Previous comparisons and the facts indicate there are differences between public and private sectors, and it is logically there is a difference between philosophy and technology management and a second part. However, this does not mean that in the government sector should be eliminated professionalism and managerism, but that must be adjusted according to the principles of “creative imitation” of specific activities, time, and situation. This is because the world is focused on specter of professionalization. Practice shows that individuals and organizations that have professional knowledge, skills, and abilities have a greater potential and opportunity to succeed in the turbulent and uncertain business conditions. In other words, managers trained to manage the public sector, usually give better results than the politicians do, as professional amateurs.

This statement applies to any organization, including the public sector. Thus, although there are some differences between public and private sectors, management as a universal science has its own general principles that are applicable to all organizations, and for their specificities specialized management have been established, such as public and political management that needs to consider issues and problems of public sector management. Accordingly, like the others, and above all business organizations



must adapt to users of public services and acknowledge changes that occur in the market of these services. The best solution would be if in "the soul and the speed of companies could be inserted in the body of the state, as large companies. This is the reality, because in future, there will be only two types of countries and organizations including fast and the dead."<sup>31</sup>

Although there are pros and cons of managerialization of government, there is a fact that complexity of public sector and new challenges to which it must respond, indicate the necessity of proving the professionalism in the government sector. This is favored by the privatization wave that swept the country in transition, so you will find many public sectors in private hands, and this will enable the implementation of management philosophies and technology in these industries. It is therefore logical to advocate for the introduction of managerialism in all segments of the economy and society, and in the public sector, as the management profession can do best to economize and manage limited resources to achieve defined goals.

Introduction of managerialism in public administration or public sector would restore confidence in government at the global level. On the other hand, it would increase the rating of political parties and leaders who would have the primary task to define goals, pave roads to go and create a business climate conducive to achieving the mission, which is derived from the program of election promises. In the above should be borne in mind that it is not important what is the way we go, but what kind of shoes we have. Many would like to hide the thorns on the road, instead of providing the appropriate footwear for walking on the difficult, uncomfortable, and uncertain way, such as modern business.

## **THE STATE IS A "COMPANY" LIKE ANY OTHER**

Accurate analysis shows that the state is now regarded as political rather than economic system. Government and public administration is more concerned with political and legal rather than economic science, which except for macroeconomics or the national economy has no further studies on the economic high education institutions. This is the result of stereotype, which has been long in other spheres of life and work of the understanding that the state formed a political party and it was natural that the political leaders who obtain the largest number of voters are presidents of government. It is often forgotten that the end of the political state is here because information technology has marginalized the traditional political parties. J. Trippy said, "The other two reasons for the existence of political parties even to support a candidate

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<sup>31</sup> T. Peters: „Luda vremena zahtevaju lude organizacije“, New York, 1999.



pursuant to a program and to provide donors for financing campaign are increasingly endangered. The candidates are now able to gather more volunteers and organizers of the campaign using the internet and social networks, than any political party can gather through its principal committees and party networks.”<sup>32</sup>

State in the contemporary understanding must be understood as any other organization or company. It has its goal, like any other company, and that is creating a favorable business environment for the successful operation of business organizations by providing services. This and other objectives, the state must realized with the smallest economic sacrifices, i.e. with the least possible material, human, financial, information and other resources. Therefore, the state in performing its role must take into account the economic dimension, which is final and unavoidable. It is argued that each goal can be achieved today and that this is not a major problem, but the problem arises when aim must be to achieve the highest level of business economy.

The state is anatomically the same, or similar to other interested organizations. It has its own inputs, transformation processes, and outputs at the end. Its resources are state or public property managed by public enterprises, the budget that is formed from taxes and other revenues and other revenues (donations, extraordinary gains, etc.). Each state, just like enterprises should seek to increase public property and on the other side to achieve defined objectives with as few interventions in the economy.

Through the transformation process, the state i.e. the government as its executive body, should design the best business mix, in order to achieve the greatest impact. Poorly designed government i.e. public administration and public enterprises increases the entropy of its functioning, which multiplies problems at macro level.

Finally, the state has its own outputs that can be expressed by the quality of services and products, and quality of citizens’ standards of living. In other words, if citizens do not have satisfactory quality of living standards, the state is not doing enough and must step up their activities, such as management in improving the quality of products and services, to obtain or retain customers, i.e. clients.

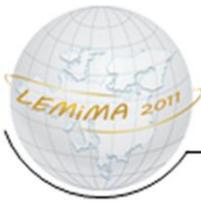
Practice shows that modern states are increasingly designed on the principles of business, i.e. large transnational and multinational companies. This is natural, since in these organizations, the primary is the economic dimension, which only gives legitimacy to governance.

## **GOVERNMENT IS THE TOP MANAGEMENT AND MINISTERS ARE FUNCTIONAL MANAGERS OF THE STATE**

It is evident that the need for professional managers is top priority and that specialization and professionalism were needed public sector than it is today. This is a

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<sup>32</sup> Dž. Bakingem and T. Vard: „Whats next - The experts guide“, Harper Collins, 2008. p. 251



real statement, because we are in turbulent conditions of life and work, where decisions must be made quickly and efficiently. Of course, quick decisions are usually poor quality, and quality decisions are most often delayed. In order to adopt quick and quality decisions, a high level of professionalism of all members of the management team, and all stakeholders involved in the creation of joint effects is needed.

However, researches show that up to this day the science of management has not promoted public sector management enough. The reason for the above is to be found in objective facts, because the public sector is complex and extensive and based on the anatomy belongs to the state, as a traditional institution that is slowly changing, especially in the economic sphere. Therefore, the greatest gurus of management have failed to create new ideas and concepts aimed at increasing efficiency of public sector. A renowned consultant T. Peters initially denied the importance and influence of management on the performance of public sector, but following the documentation on the research of the public sector changed its stand. In this way, the authority has joined other well-known names that justified management in the public sector, so today there is no significant management guru that management is not seen as a factor in business.

Porter's colleague at Harvard, Rozabet Moss Kanter, recently examined the relationship between public policy and so-called "business community" from the opposite perspective. Transnational and multinational corporations are globally oriented, and its expansion strategy provide through internationalization, especially to countries with cheaper labor. In this context, it is necessary to consider the public policy of a country, the political stability, and acceptability of companies in a particular region.<sup>33</sup> She insists that the best way to advance a region and become a world class leader in one of three activities: thinking, production or trade. According to Moss Kanter, it is pointless to fight globalization in order to preserve the local or regional communities. Nativism, i.e. the notion that the natives have the advantage regarding their theory is a stereotype, which, if accepted leads to the disintegration of indigenous and local people especially when it comes to their needs and interests.

The above observations also apply to public administration. Like any business organization, it has to bear in mind that citizens of a city, village, or other social and political community are in fact the consumers, whose needs, wishes and interests need to be met, with the lowest costs and other economic victims. If this doesn't happens, citizens as consumers of public goods and services will be sanctioned by public authorities such as government elections, as is the case with management in business organizations when not realizing satisfactory results for their stakeholders.

Therefore, the government is a representative of the public sector and is similar to top management of business organizations. As a top management of the state it has a responsibility in creating a favorable business environment in which the "business will

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<sup>33</sup> World Class: Thriving Locally in the Global Economy, 1995.



flourish.” Government should set an example in the introduction of efficient technologies and organizational management concepts in their systems or their parts. If the concepts proved successful, business organizations would accepted it, which would be used as the feedback for the state, because the more successful economies faster and more fills budgets, which would be used to improve national welfare. In this way, the Government would increase the trust to run the country, which would be affirmed on the parliamentary and local elections.

Head of government is the president i.e. the prime minister, appointed by Parliament upon the proposal of the president. The Prime Minister must be the manager i.e. the man who has the knowledge, skills, and abilities to organize the management process. Its main task is to, using the election programs; formulate a strategy to turn election promises into reality for which citizens voted.

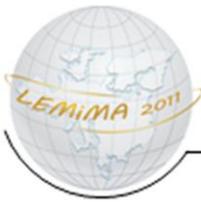
In Serbia, these facts are neglected. Instead of professionalism and demands that the president be the manager of government and a man of business that has proven to manage large business systems, in recent electoral mandate as prime minister are elected political leaders, as a rule, from the party that has received the most electoral result.

Undoubtedly, this is a strategic error, because the jobs performed in the conduct of parties is different from managing government affairs and the economy and society of a country. Thus, of the good or successful political leaders generally make bad prime ministers. The appointment of political figures as Prime Minister, conditions that will follow the same criteria and appoint cabinet members create, and these in their structures elect people from their political option. This is the subject of politicization and ideologization of public management, and thus prevents the professionalization of government.

Prime Minister is the top manager, who appoints and integrates the members of the government that should be also professionals for planning, organizing, and conducting their ministries. Bearing in mind this, in ‘80s and ‘90s, a number of political leaders or Prime Ministers (UK, USA, and others) are required attendance at the prestigious School of management, so political leaders or cabinet members were trained to manage their sectors. Thus, members of the government would, first of all, supposed to be professionals to manage their functional areas.<sup>34</sup> In Serbia, it is known that members of the government, i.e. team is not nominated, or create by a prime minister, but again the political leaders. In this way, members of the government are working for the interests of the party that appointed them, instead of working as a team to achieve as

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<sup>34</sup> One of the best Serbian Ministers of Finance ever, Lazar Paču, realized this, when applied all the rules of the local economy in financial management. More information on Lazar Paču as Minister of Finance may be found in Ž. Radosavljević: *Tajne uspeha velikih imena svetskog biznisa*“, CERK, Beograd, 2001



much success at the national level. Thus, partial, i.e. interests of the parties become primary and the interests of the state as a whole the secondary, leading to an increase in entropy at the national level that produces inefficiency and stagnation of the economy and society. Presidents of local (self-) government are managers who in defined policies and strategies are working on their implementation. This structure needs to possess the knowledge, skills, and operational management skills to properly create operational art and tactics for successful management of local governments.

## RESUME

It is evident that the professionalization of public administration is not a need but a necessity. With its introduction, a traditional organizational structure of traditional country changes and leaves the classic concepts, especially those that were based on the politicization, amateurism, and inefficiency. This is especially true for countries in transition and Serbia too, where the public administration is too politicized, and each request for the introduction of professionalism in this segment of the economy and society facing resistance by political leaders above all.

Responsibility for the underrepresentation of management science that management has not sufficiently promoted the idea for the introduction of professionalism, and qualified managers who have the knowledge skills and abilities to manage organizational systems, and state or public sector.

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## THE BASIC POSTULATES OF ORGANIZED CRIME IN TRANSITION COUNTRIES

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### **Abstract:**

*Organized crime is still very much present in all parts of the world. However, its presence is highest in developing countries and countries in transition, where there is no developed system of democracy and responsible government, or state. It turns out that the organized crime favors underdeveloped legal system, weak economies, and poor countries. In other words, organized crime had its source, as well as any other phenomenon. Bearing in mind the indisputable fact that every effect has its cause, the primary task of any state, and science is to determine the primary factors that influence the forces that lead to organized crime, to the same marginalized or eliminated.*

*The aim is to highlight the basic postulates of organized crime, especially through corruption, underground economy, and human trafficking.*

### **Keywords:**

*Organized crime, underground economy, human trafficking*

## **INTRODUCTION**

Each process has a phase of creation, development, and the zenith point of disappearance. This statement applies to organized crime, as well as specialized and one of the most complex forms of crime. Its complexity is that it is performed by very well organized groups about which little is known, in particular the mode of operation and rules that exist in them. On the other hand, organized crime is always connected with the state and its organs that are supposed to fight against crime. This creates a paradox, that the authorities need to fight crime, caught up in crime in an intelligent manner, and above all, passive attitude, or and aiding organized crime. Therefore, a planted seed of organized crime has spread diffusion legality in all spheres of society. This process will be monitored and measured, but its outcome can be predicted.

Analyses show that there is a relatively high level of agreement of the government in presenting the process of diffusion of organized crime in the definition of partial regions of their functioning, some of professionalism that exists in its performance and logistics, without which it could not work. Analyses show that the organized mafia groups are often organized then the body that supposes to be fighting against organized crime. On the other hand, there is no unity on the issue of documentation of organized crime and parametric by which this can be identified.

It turns out that the successful mastering of organized crime is possible only if we can quantify the data relevant for this type of crime and the ability to get the same



education in formal legal terms, in the process of investigation. Therefore, it is necessary to determine the linguistic, ethnic, religious and socioeconomic background of suspects, not only in the personal records of investigative authorities and public security and justice, but also to systematically summarize and make available law enforcement ministries of interior and justice ministries, in particular sector to carry out punishments. In this context it is necessary to further equip law enforcement investigators and technical, human, organizational, in order to stay ahead, and not far behind the organized groups and the mafia.

Since organized crime is by its nature a global phenomenon, it is essential that countries globally regulate this area through relevant United Nations documents, construction standards and procedures to combat this phenomenon and the security-police monitor the movement of goods, capital, and people. It is argued that through cash flow can determine the cause or the source of organized crime. Special emphasis in the above must be given to countries where the power of the common law is bigger than other rights i.e. that are outside the legal framework of the European Union. In this sense, the fight against organized crime is necessary to expand and intensify cooperation with countries outside the EU, and strengthen integration processes within the EU.

## **BASIC CHARACTERISTICS OF ORGANIZED CRIME**

Organized crime indicates groups that systematically follow criminal purposes. In other words, it is planned to commit crimes, that the determined pursuit of profit and/or who individually or as a whole is of great importance, and that when more than two working parties participate in it for long or indefinite period. These groups realize their goals organizing, the use of force, or other means of intimidation and to influence or support state politics, mass media, judiciary and other public structures.

Organized crime exists in the form of deep i.e. hierarchical organizational structures. In them are specific rules of conduct and are based on coercion, threats, blackmail, and so on, depending on the individual criminal groups. Separately, criminal organizations further strengthen ethnic solidarity, language, customs, and social and family backgrounds. Thus, the individual members produced a system of communications that are personal or business crime can be used, in which there are often very strong relations, authority and dependency and the possibility of punishing those who deviate from the right path. Bearing this in mind, criminal groups are often the best organized structures that consistently apply rules. If, analogy to criminal groups could organize a business organization, their effectiveness would be much higher. However, the biggest problem of organized crime groups, or one of the biggest problems is that there are on the other side of the law and they are engaged in illegal activities.



Bearing in mind that organized crime can take place outside the country, according to UN documents of 5<sup>th</sup> November 2000, under international or transnational organized crime is the crime that meets one of the following conditions, namely:<sup>35</sup>

- If organized crime is carried in more than one country
- If done in one, but a large part of the preparation, planning, managed or controlled in another country,
- If organized crime is happening, or performed in one, and has a strong impact and the consequences to another

Criminal acts that are performed within the organized crime are characterized by the intent of the perpetrator to achieve (financial) profit or a gain. Therefore, organized crime, just like the smuggling, is always transnational. Unlike organized crime, offenses that are not oriented to achieve a profit (for example, politically or religiously motivated) do not fall under the definition of organized crime. Based on this, there is a distinction in the German Criminal Code between organized crime<sup>36</sup> and terrorism.<sup>37</sup>

Unlike organized crime, terrorism is a form of crime that is focused on achieving political goals. However, in practice it is difficult to establish this distinction, because a growing number of terrorist groups are increasingly engaged in organized crime, in order to achieve certain financial resources for its functioning. Financial assets are necessary for procurement of necessary equipment and pay personnel for terrorist activity or for the maintenance, creation, or expansion of existing relationships with other criminal networks engaged in trade of armaments and military equipment of different types and quality. Simultaneously, organized crime can be useful to establish contacts with terrorist groups, as in most states, the crimes committed by terrorist groups are punished differently in relation to "ordinary crime".

Because the treatment plan that is long-term oriented and structures similar to transactions (systematically cashing of prays, working on order, precise planning, assessing needs of the market), it is not surprising that participants in organized crime act professionally. In order to hold in secret the structure of the group and to avoid identification, often engage so-called "*Stromans*" (*people who give their name in situation of the other people's business*). Thus, an organized group and the bosses are often kept from the public eye and voice, so they remained unidentified.

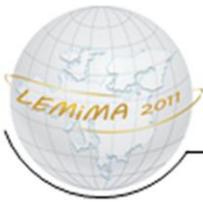
The following feature of organized crime groups is the help to members of the organization. Thus, for example, expensive lawyers and the high bails are paid,

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<sup>35</sup> Schopf, K.: Organizovani kriminal, doktorska disertacija, FORKUP, Novi Sad, 2011.

<sup>36</sup> § 129, Formiranje kriminalnog udruženja

<sup>37</sup> § 129a, Formiranje terorističkog udruženja



provides assistance to flee, intimidate other participants in the trial and preparing witnesses for the relief defendant.

Conspiratorial elements, such as using false names or codes, and simultaneous use of multiple cards for mobile network are also often part of organized crime. According to the outside world, organized crime groups often "cover" each other, which are manifested in the internal mechanisms of conflict resolution, which does not include the police, and absence of willingness to give evidence to the same. In order to avoid criminal prosecution and other problems, is often used corruption and creates a dependency relationship (e.g., through sex, gambling and usury), which allows blackmail.

Profit realized by organized crime activities are mostly money laundering and then money is back again into legal economy. This can be realized through their own or others' company, fictitious companies or through bank account (often in the so-called tax oases). The best result in the return of illegal wealth generated within a legal framework is when "dirty money passes through the clean hands" or through the state banks, or banks that are under the jurisdiction of the state.

Organized crime uses all mechanisms, omissions, and gaps in their effect. Particularly focusing on the highly profitable business and activities and is focused on the long term. Special emphasis is given to human trafficking, because it shows that here is a greater turnover realized than in drug trafficking, then the drug-crime, fraud, forgery of credit cards, smuggling, racketeering, economic crime, illegal arms trafficking, counterfeit money, kidnapping, money laundering, nuclear crime, trafficking in girls and children for exploitation in a sexual way or as labor, piracy of products, avoiding embargoes, environmental crime, gambling, nightlife, car theft and smuggling of cars and theft of art works and antiques. Of course, this group includes the so-called cyber crime and use of information technology to obtain financial gain, and abuse in the application of information technology.

According to "Bundeslagebild Organ Kriminalität 2007", Federal law enforcement in Germany in 2007, the areas with the highest level of criminal activities were trade and smuggling of drugs from 37%, property (commercial) crime from 16.6%, and economic crime with 15.4%.<sup>38</sup>

Processing of groups dealing with organized crime is one of the most complex issues of fighting organized crime. It requires integration of all segments of the economy and society, and cooperation with regional and international bodies. Partially solve this problem, it is almost impossible, so we can conclude that the fight against organized crime, united the world, and this is rarely an issue on which there are no disputes and dilemmas. Analysis process against XY gangs represents the largest case against

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<sup>38</sup> Jörg Kinzig: Die rechtliche Bewältigung von Erscheinungsformen organisierter Kriminalität. Duncker und Humblot, Berlin 2004, ISBN 3-428-11488-4



organized crime in eastern Germany. Organized crime is acting destabilizing the internal security, public order, and functional efficiency of economic order. Since the expenses for the fight against organized crime are big, it can lead to emergence of parallel societies and institutions and the creation of space that is legally unregulated. Criminal gangs have a very great ability to identify gaps in the legal or organizational regulations and to use it successfully. The strong presence of organized crime in one society may lead to the legal system of the state obviously cannot be satisfactorily applied, so that the legal system no longer accepted, and instead organized gangs running the state.

## **UNDERGROUND ECONOMY AND ORGANIZED CRIME**

(Broadly defined) concept includes the traditional way of all economic activity within a national economy, which are not included in the gross national product. The phenomenon of the informal economy includes the black and the black market, but particularly criminal economic activities such as drug trafficking, uncontrolled arms trade, smuggling, and tax evasion (explicitly prohibited commercial activities). Therefore, the household sector (for example, work at home) and the informal sector (for example, help to neighbors, prostitution and honorable service activities), by definition, are observed as the gray economy.

The emergence of underground economy has many causes but is always connected with the regular economy. From economic-theoretical point of view, one participant of the total number of participants in the course of economic activity at the latest turn in the informal economy, if the state taxes and duties or regulatory impediments to feel like this high, it seems that avoiding is useful. Thus, the Laffer curve (named after U.S. economist Laffer), at which the decline of taxes and duties correlate with the increase of economic performance, fiercely contested, especially with regard to the precise course of the curve (there is only undisputed that at 0% and at 100% quota tax and duties certainly cannot make tax income).

Cause of the underground economy may be an economic or social system that no longer works, or does not function in a sufficiently good way. In the above should be borne in mind that the discussion of classical scheduling of the state in its core activities represents a focal point for the development of the informal economy. Accordingly, the acceptance of different types of duties, not only correlates with the acceptance of the legal system, but also the acceptance of duties, not only for the public good but, above all, for implementing transfers for customers, whose authority accepts personal or social. It seems that this is given, for example, in agricultural subsidies than, for example, to increase resources for development cooperation (EZB). However, the essential cause of the shadow economy is undoubtedly consists in the comparatively low efficiency of public goods, for which the state is primarily responsible, as legal owner of the property. In many poorer developing countries and



advanced developing countries there are police poorly paid officers and officials in the judiciary so they do not provide any reliable protection against violation of the law, both individuals and organized groups. Therefore, the success of the public sector is weak and insufficient, as in the feedback that creates a problem that state cannot improve their operations and combat shadow economy. The need for loans in troubled countries in crisis or heavily indebted countries produces coercion and abuse that leads to dismissal of workers. Many "outcaste" often forms a dynamic network and appears to arise from the worlds of life beyond the state or with those horrifying law. However, large companies and political elites cannot be completely unnoticed to agitate the underground. To avoid taxation, they are turned to the payment of bribes. Then corruption goes hand in hand with the growth of underground economy. Bribes are often paid here, to rest in the gray economy.

According to Professor Friedrich Schneider,<sup>39</sup> has shown that one reinforces the other. Specifically, expressed corruption facilitates the spread of the informal economy; on the other hand, larger shadow economy leads to increased corruption, especially in terms of developing countries and transition economies. Research shows that an increase of the informal economy for 1% increases the basic index of corruption by 0.1 points. The data for developing countries for 2000 lead to the conclusion that an increase in corruption index by one point, reducing GDP growth by 1.25 percent.<sup>40</sup>

Areas of funding organized crime can be subsumed under the shadow economy, if we start from the broad definition of the term. In connection with terrorism, it must be primarily considered a partial area of the criminal economy, because these are relevant to those areas of the informal economy, which organized the radical political group, or that organized crime. Therefore, the gray economy describes the economic environment in which the moving organized crime and terrorism in a country (yet) function, or, in one national economy.

In his book "Organized Crime",<sup>41</sup> Howard Abadinsky define organized offense as a "non-ideological, hierarchical, with exclusive access, stable and organized specialization and division of work, monopoly and guided by the rules". With the exception of non-ideological orientation and the principle of monopolistic (depending on the point of view), this can be said about terrorism. The official definition of organized crime<sup>42</sup> in Germany: "Organized crime is planned commission of criminal acts, which is determined pursuit of profit or power, which are individually or as a whole is of great importance, and that when more than two working parties to

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<sup>39</sup> Profesor Fridrih Šnajder je redovni profesor za ekonomiju na Institutu za nacionalnu ekonomiju na Univerzitetu Johannes Kepler u Linzu i vicedirektor za spoljašnje odnose univerziteta.

<sup>40</sup> Profesor Šnajder, Intervju Neue Zürcher Zeitung AG, <http://www.nzz.ch/2006/01/07/fw/articleDGXDQ.html>

<sup>41</sup> 2nd ed. Chicago: Nelson-Hall, 1985

<sup>42</sup> Direktive za krivični postupak i postupak o novčanim kaznama: 1990/RiStBV 1991



participate in it in the long or unlimited time with the use of structures that are similar to the structures of business, by force or other means, adequate to intimidate, or to exercise influence on politics, mass media, public administration, judiciary or the economy”.

Around the world, in fact, there are five major crime cultures with the traditional characteristics of the structure of organized crime. The oldest of them are well-known Chinese triads. Other structures include the Italian Mafia, including all regional versions in Europe and the United States, the Japanese yakuza with its largest union, Yamaguchi-gumi Kowe, Turkish Mafia, Latin American drug cartels and, more recently, the so-called eastern mafia. Characteristics of these organizations are all consistent and they are all based on the same schedule and work in the same way.

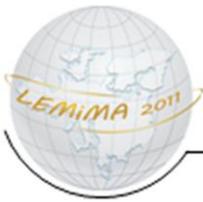
- Management provides guidance and controls their implementation. It may consist of a single person (the godfather, don), or it can be a group that manages. Those are 3-5 people, which, depending on country of origin, referred to as trade unions, council of fraternities or Politburo,
- Orientation to profit with minimal expense and maximum profit,
- There is strict delimitation of competences with individual specialists, such as drug production, their distribution, sales, money laundering and legal protection,
- Structure and coverage need to protect the police prosecution. Individual actors known mostly only those members of organizations that work directly with, and if detained, they may not say much about the organization,
- As with large companies, all the necessary personnel and material requirements for the development of logistics activities and is obtained from our own staff (the division of roles).

General characteristics of the groups involved in organized crime are a high level of organization, which is based on the principle threats and coercion. They are relatively closed groups that have a defined area of activity, with a precise and rigorous formed relations and a clear hierarchy division.

## **HUMAN TRAFFICKING**

Human trafficking is a phenomenon that touches the world at the global level. It is present mainly in underdeveloped and poor countries, but is not excluded even in developed countries. Therefore, in trafficking are important countries from which people buy and destinations where people go. Those who are willing to be trafficked are motivated by the improved earnings to maintain its own existence and their families in richer countries. The rich are motivated to trade in human beings, in order to secure cheap labor. That is why human trafficking considered as the most profitable mafia activity, which is largely the result of the sensitivity of this type of trade.

In the last decades, the tendency of feminization of migration especially is present, i.e. the subjects of trafficking are women, who under the burden of discrimination and poverty are trying to find places where they will achieve better outreach, or more



money. In search for a quality life, in the absence of proper information, many women end up in the clutches of traffickers, who are specialized exclusively for the trafficking in women.<sup>43</sup>

Human trafficking includes all types of gender and ages, and talking about trade: men, women, girls, and boys. It is estimated that the global trade is between two and four million human beings. However, in this trade is dominated by women and girls who are increasingly being used as objects of sexual exploitation. This phenomenon is closely related to the emergence of new diseases, including AIDS.

Trafficking in human beings means slavery relationship, or absence of complete freedom of movement and decision-making is similar to the practice of selling slaves in slavery, which is the same at the level of animals where the price of slaves was known. Of course, there is a difference between slavery and the modern era, but it is small when it comes to human trafficking.

Human trafficking is a highly profitable business and is done "beyond the law". It is estimated that at the global level it make up to 10 billion dollars trade, which is at the level of traffic that is possible with drugs. However, research shows that this form of trade links with other illicit services and financial transactions, such as trafficking in narcotics, weapons, and even terrorism.

The international community, through their organizations has taken measures to curb this form of trade. However, the most effective way to combat this type of trade is the elimination of the causes that lead to it, namely: poverty, unemployment, lack of information, etc. Intensification of the repressive apparatus to prevent the unlawful and unethical phenomenon is not sufficient, although it shows that it usually insists on.

## RESUME

Organized crime, as can be seen from the preceding text, is a major problem globally. Thus, all types of organized crime are present, but it seems that corruption and trafficking in persons most widely especially in developing countries and countries in transition. It points to the causes of organized crime, and they are in so- called systemic corruption, or the corruption that is embedded in the economic, social, and political system of a country. Its elimination or reduction is conditioned by applying the concept of holistic system for all elements of the criminal process and the engagement of highly professional personnel who will, with appropriate technical support be ahead of the mafia and its logistics.

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<sup>43</sup> O trgovini ljudima i drugim vrstama organizovanog kriminala može se detaljnije videti u: Ž. Radosavljević: „Trgovinski menadžment“, Centar za edukaciju rukovodećih kadrova i konsalting, Beograd, 2007. p. 250-255.



Countries in transition and Serbia are fertile ground for developing all forms of corruption and organized crime. This is because there are not enough stable institutions that fight against organized crime. According to data from Transparency International, Serbia in 2010 took 78<sup>th</sup> place in the global rankings on corruption, among the 178 countries. In the region, less corruption in 2010 was in Croatia and Macedonia, while only Albania and Bosnia been behind Serbia.

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## НЕКОТОРЫЕ СВОЙСТВА УПРАВЛЕНИЯ ЭКОЛОГИЧЕСКОЙ СИСТЕМОЙ АВСТРАЛИИ

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### Аннотация.

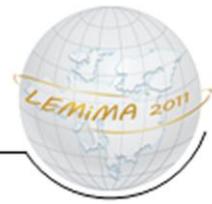
Факт, что мы живем в турбулентных и очень опасных условиях. Последние события в Японии, показывают, как опасности есть, даже и в одно из самых организованных стран в мире. Оказывается, что не видел реального ядерного рулетку с природой, которая угрожает причинить наибольший глобальни экологически ущерб в последние десятилетия. Эта статья пытается показать проблемы взаимоотношений австралийских штатов по защите окружающей среды, в целях обеспечения устойчивого развития. Результаты этого исследования могут быть использованы в других странах, как в развитых, так и в странах с переходной экономикой, включая и Сербию. При должны иметь в виду, что риски для устойчивого развития постоянно растут, потому что теперь совершенно сно, что рискованна ядерна технологи на границе свего жизненного цикла, но и сильно загрязненные среды обитания человека до того, что без серьезной реорганизации, эта проблема не может быть решена, и, в частности, чтобы остановить продолжающееся нарушение экологической системы.

### Ключевые слова:

экология, экологическая система, устойчивое развитие.

### ВВЕДЕНИЕ

Необходимость защиты природы возникла даже в 1886 году , когда были приняты первые международные правила, которые будут позднее назначены на сегодняшний день, в основном в связи с загрязнением окружающей среды и появлением озоновых дыр, глобальным потеплением, разрушением ландшафтов, загрязнением воздуха, исчезновением лесов, удалением отходов и т.д.. Таким образом, проблема сохранения экосистемы оказался в серьезной форме 130 лет назад, когда было очевидно, что многие качества природы были нарушены. Заданному условию, или, по крайней мере одной из этих проблем способствовало возрасшее число населения на Земле.



В частности, число людей на планете Земле постоянно растет. В 1950 году. была около 2,5 млрд., в 2000 году. около 6 миллиардов человек. По оценке будущих планов сократить ежегодный прирост населения по сравнению с предыдущим периодом, с 1,47%, что привело бы к тому, что в 2050-ом году на планете будет около 9 млрд. человек.<sup>44</sup> Другая сторона проблемы в том, что человеческие требования т.е. потребности с временем растуту.

Однако эта тенденция сопровождается совершенно противоположным процессом, то есть. природные ресурсы становятся все меньше и реже, и это ограничивает все более растущие потребности людей. Выход из этой ситуации может быть найден в области науки, которая уже давно стала производительной силой труда. Рост численности населения, без науки приведет к обнищанию, такой рост не будет в состоянии удовлетворить потребности в продуктах питания и других предметов первой необходимости жизни. Таким образом, исследование будет в 21 века необходимо развивать для обеспечения потребностей все большего числа людей в мире. Ожидается, непрерывный рост численности населения и рост уровня жизни, что приведет к более широкому использованию природных ресурсов, особенно с использованием новых технологий, химических веществ и других агротехнических и агрохимических мероприятий.<sup>45</sup>

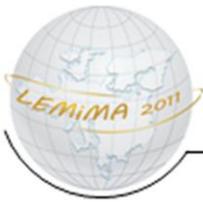
## **Воздействие экологии на туризм Австралии**

У каждого государства есть экологические проблемы, которые более или менее аналогичны и последствия которого проявляются точно так же. Оказывается, что причины некоторых экологических проблем на глобальном уровне универсальны, и также оставляют те же последствия. Однако на увеличение числа экологических проблем на глобальном уровне, и, следовательно, в Австралии, доминирующее влияние оказывают три фактора, а именно: глобальное потепление, загрязнение воздуха и обезлесение.

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<sup>44</sup> По даннм *Američki Birou za cenzus, 2000.g.*

<sup>45</sup> 2 William Revill Kerr: *Turism Public Policy, and the Strategic Management of Failure*, Pergamon, Boston, 2008, p.3-11



## Глобальное потепление

Глобальное потепление является результатом повышения температуры на Земле. Исследования показали, что температура в планете в течение 20 века увеличилась на 0,6% по Цельсию, что, вероятно, наибольший рост за последних тысячу лет. Приведенная выше информация была причина для создания международного органа под названием Межправительственная группа экспертов по изменению климата. Основная задача этого органа заключается в выявлении изменения климата в результате человеческой деятельности и принятии меры по сокращению вредного воздействия. Этот международный орган сделал 35 сценариев, в целях моделирования воздействия, считая, что температура на планете увеличится от 1,4 до 5,8 градусов по Цельсию с 1990 по 2100 год. Этот орган установил, что основной причиной изменения климата становится человек, потому что доходит до вещи следующих шести газов, которые загрязняют атмосферу, а то: двуокись углерода, метан, оксид азота, гидрофторид карбонат, перфтор карбонат 46

Наибольшее влияние на загрязнение воздуха оказывает углерод, который люди отправляют в атмосферу в огромных количествах при сжигании ископаемых видов топлива, таких, как древесина, нефть, уголь, природный газ. Оказывается, что в двух последних десятилетиях прошлого века, ископаемое топливо производило более 75% двуокиси углерода. Австралия производит 14 тонн углекислого газа на человека. Средний австралийский автомобиль выпускает более 4 тонн газа в год. Отопительный завод выпустит один кг двуокиси углерода на 100 Вт лампочку, которая горит восемь часов.<sup>47</sup> Ученые предупреждают о серьезности последствий к которым приводит глобальное потепление. Вне зависимости от разнообразия подходов, среди них наиболее важные:

- Отсутствие продуктов питания,
- Исчезновение некоторых видов животных, а также исчезновение комплексов лесов,
- Распространение малярии и других болезней,
- Появление сильных дождей и тропических циклонов в некоторых регионах,
- Появление засухи в других областях, как эквивалент проливным дождям в некоторых регионах,

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<sup>46</sup> [www.ufccc.int](http://www.ufccc.int)

<sup>47</sup> Podaci preuzeti od Intervladinog Panela za kontrolisanje klime 2001 i 2002. Situacija se ni danas nije bitno promenila, što se može videti iz podataka Programa Životne sredine Ujedinjenih nacija. Informacione jedinice za klimatske promene, kao i Shearman i Sauer-Thomson studija.



- Таяние ледников и тепловое расширение приведет к поднятию уровня моря, угрожая прибрежные районы и малые острова.

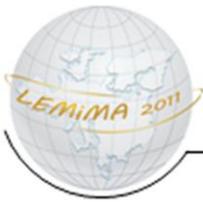
По оценкам Департамента по атмосферным исследованиям в Австралии, некоторые части индустрии туризма Австралии исчезнут и будут потеряны для двух или трех десятилетий, из-за снижения уровня снега в горах, и повышения уровня прибрежных вод. Исследования такого вида показывают, что к 2030 году. будет недостаточно природного снега для катания на лыжах в нижних центрах, таких как гора Бау Бау. Кроме того, ожидается к 2040 году обесцвечивание кораллов большей части Коралльного рифа. Ожидается, что в Северном побережье Австралии, 2030-ом год средняя температура будет на 1 градус Цельсия выше, чем температура сегодня. Как земля нагревается, так теплее становится в верхних слоях океана. Высокая температура убивает кораллы, хотя некоторые ученые считают, что биоразнообразие кораллового рифа обеспечить выживание более сильных видов кораллов.

Обесцвечивание кораллов является лишь одним из возможных последствий теплой воды. Вода при нагревании расширяется и расширение приведет к увеличению уровня моря, так как таяние льда на поверхности в регионах с умеренным климатом в мире, приведет к поднятию уровня воды. Курорты и другие туристические объекты на побережье и островах будут угрожены ростом уровня воды.

### **Загрязнение воздуха**

Загрязнение воздуха вызывает огромный вред природе и окружающей среде. Очевидно, что этому способствуют кислотные дожди, которые разрушают леса, озера, реки и здания, но они оказывают отрицательное воздействие на здоровье человека. Загрязнители повреждают горло и легкие, особенно являются причиной болезней дыхательных путей. Эта проблема является мельчайшей в Австралии, но намного больше она в северном полушарии. Однако загрязнение воздуха в Австралии приносит большую озабоченность общественности. Сидней, Мельбурн и другие крупные города в Австралии, в некоторые дни недели имеют высокий уровень загрязнения, особенно в летние и осенние дни.

Наибольшее воздействие загрязненного воздуха есть в домах. Пожар может вызвать проблемы, особенно если нет качественной вентиляции. Кондиционеры, перерабатывая один и тот же воздух, задерживают загрязненный воздух. К ним относится и курение в закрытом помещении, которое проявляется и на некурящих. Наиболее распространенные заболевания от загрязненного воздуха в закрытых помещениях, связанные с дыхательными органами, такие как астма и бронхит, раздражение кожи, которое



проявляется сыпью и экземом, то раздражение глаз и горла, головные боли и расстройства психики, т.е. нарушение сна.

## **Вырубка леса**

Когда-то человек очищал лес с целью получения поверхности для посева сельскохозяйственных культур и тем самым обеспечивал свое существование и выживание. В Австралии иногда существовали и стимулированные наложения, которые мотивировали людей, чтобы выгрузить деревья и приготовить или адаптировать земли для сельского хозяйства. Часто они сожигали целый ряд шотландских лесов, с тем чтобы исключить местного населения. Словом, человек в прошлом по разным причинам, уничтожал лес, потому что в нем обнаружил проблемы, которые угрожают его существованию.

Но сегодня ситуация совершенно иная, поскольку считается, что сегодня опасно сокращение лесов, и если нынешние тенденции сохранятся, то будет расстроена экологическая система. Согласно статистическим данным, в Австралии сегодня есть только 15% площади лесов по сравнению с состоянием до колонизации. Показано, что растительность играет важную роль в стабилизации атмосферы, потому что она дает достаточно кислорода, и уменьшает количество углекислого газа. Вместо награждения австралийцев за резки деревьев и лесов, федеральное правительство призывает их поддерживать, обновлять и создавать новые комплексы леса. В настоящее время фокусировки на тропических лесов, которые сегодня играют особую роль в здоровье человека. Каждый гектар тропических лесов из атмосферы ежегодно занимает одну тонну диоксида углерода, который, как замечено является основной причиной глобального потепления. Если леса вырубают со скоростью 2% в год, это равносильно выпуску 2 млрд. тонн двуокиси углерода в атмосферу каждый год.<sup>48</sup>

Мы не должны игнорировать тот неоспоримый факт, что тропические леса выступают в качестве приводной станции для появления новых видов. Таким образом, акцент на их сохранении и укреплении. В тропических лесах обитает более половины всех видов животных. В них более 700 видов деревьев, более чем можно найти в других лесах мира. Здесь вы можете найти тысячи видов насекомых, многие из которых не были определены и по-прежнему неизвестны для эко-системы.

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<sup>48</sup> Prema procenama koje su dali Shearman and Sauer.Thompson, 1997. godine



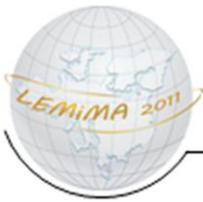
По данным Министерства сельского хозяйства, рыболовства и лесного хозяйства, в Австралии из общего лесного фонда тропические леса составляют 2%, а двадцать три процента тропических лесов остались в качестве резерва для сохранения.<sup>49</sup> Это значительный потенциал для развития туризма, и укрепления здоровья на национальном уровне. Однако, плохое управление туристическими ресурсами может привести к серьезному повреждению. Неосторожное использование огня в парках часто вызывает крупномасштабные лесные пожары. Лес используют для добывания огня, крепления палатки в природе, вырубка недавно построенных лесных насаждений для лыжных тропинках и т.д. В современных условиях, оформлены отдельные органы контроля, которые наказывают тех, кто ведет себя безответственно по отношению к лесам.

### **Концептуализация охраны окружающей среды в Австралии**

Более интенсивный интерес к сохранению окружающей среды в Австралии значение приобретает в первой половине прошлого века. Оказывается, что Австралия является огромным пространством, малонаселенной, с развитой сферой услуг, которая не большой загрязнитель, как другие промышленно развитые страны. В этом контексте конкретные концепции были разработаны для эксплуатации и совершенствования отдельных сегментов натурального порядка. Экология управления в Австралии направлена на частный сектор, т.е. экологическое предпринимательство как новую парадигму в управлении охраной окружающей среды. Австралийское правительство в первую очередь сосредоточено на создании благоприятных политических, правовых, экономических условий, в которых предприниматели примут участие в экологическом туризме, в котором туристы будут чувствовать себя комфортно и безопасно. Она направлена на создание благоприятной бизнес-среды и вмешивается только в случае необходимости восполнить этот пробел, например, по предоставлению основных услуг и гарантировать отдел не обязательно будет выгодным и за которого не заинтересован частный сектор. Такое отношение правительства Австралии логично, так как предпринимательская деятельность лекарство от многих болезней. Предпринимательство включает в себя риск, но оно показывает, что отдельные лица и предпринимательские фирмы лучше, чем правительство, так как по законам Шинглера государство плохой хозяин, мало что может сделать быстро. Это относится ко всем государствам, независимо от социально-политических и других условий. Таким образом, система управления окружающей средой является одним из наиболее сложных видов деятельности, потому что экология не знает границ, и очень трудно определить причины и развитие

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<sup>49</sup> Подробнее на [www.affa.gov.au](http://www.affa.gov.au)



ретроградного явления. Австралийское правительство занимается управлением компонентами окружающей среды, используя концепты холистической системы, которая в современных условиях представляется различными технологиями, что требует подробного объяснения.

### **Управление экологией с помощью холистики**

В бурные и все более сложные условия жизни и работы, старый последовательный подход в решении экологических и других проблем, не привели к желаемым результатам. Это не произойдет в будущем, независимо от технического прогресса. Таким образом, управление экологией, как глобальной системой, требует введение новых понятий и методов, на которых будет основана самоорганизация, также как и многомерные обучения и тонкий контроль над всеми элементами процесса управления. Этот подход может выступать в качестве движущей силой перемен, в результате чего творческие идеи и рыночные процессы и интеграции иерархической и функциональной структуры изнова вводятся, воспринимаются экологические проблемы на более высоком уровне как одно целое.. На основе этого подхода является признание того, что все это часть целого и что нет изолированных и замкнутых систем. Холистическая концепция особенно применима в управлении экологическими проблемами и вопросами развития в развитых странах, и это естественно, потому что экологические проблемы не делимы, трудно найти место их создания, или причины и последствия их действий. Австралийский опыт показал, что с позиции частичных проблем и частей, не можно рассматривать проблемы и качества в целом. Поэтому трудно дизайнировать экологический процесс управления через части, и еще труднее выразить частичные экономические эффекты. Более сложной проблемой является внедрение сети организации, где традиционный центр исчез, потому что все участники экологической сети являются одинаково важными. Отсюда неизбежный отказ от принципа частичности, рассмотрения только части и создание новой концепции, т.е. концепции целого в процессе разработки управления экологическим развитием. В холистической концепции управления эко-системами, управление знаниями пытается пройти через всю систему в целом, добавив: "мяч на своих товарищей по команде", и эта концепция называется регби-системой. Передача и распространение экологических знаний на макро-, мезо-и микроуровнях являются основой для успешного решения экологических и других проблем. Холистический подход в управлении эко-системами может быть значительным конкурентным преимуществом в управлении экологическим развитием, без дополнительных финансовых вложений, которые обычно представляют ограничивающий фактор для некоторых (не)действий. В Австралии применяется регби подход к управлению экосистемами. Он возникает от постоянного взаимодействия хорошо подобранных команд из разных областей и частей организации, члены которой работают вместе над экологической идеей и ее практической реализации, от начала до



конца. Коллективный разум сгруппирован в команды не движется детерминировано, с предписанным направлением и этапами, но в процессе совместной работы и взаимодействия, где каждый учится у каждого, получает информацию и действует в направлении достижения определенных целей.

Сравнением последовательной и целостной системы концепции очевидны качественные различия. А именно речь о большей гибкости в области экологии, что особенно имеет удельный вес из-за характеристики самой природы, в первую очередь через объективность пользователя, когда речь идет о качестве и другие его характеристик. Холистический подход часто поддерживает различные попытки пока не дойдется до лучших идей и согласия всех сторон на их осуществление.

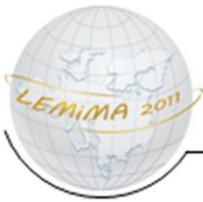
Холистика как современная концепция стимулирует обучение, способствует изменениям в условиях неопределенности, создает больше шансов на успех в управлении экологическим развитием. Иными словами, энергия, которую эта концепция дает имеет синергетический эффект на глубине всего процесса управления. Это нарушает монотонность и все лица пытаются думать, как улучшить функционирование экологических систем в целом, а не по частям.

Хотя при традиционном управлении развитием в первую очередь стоит экологическая экспертиза, при холистическом системном подходе внимание уделяется группы, участвующей в решении проблем. Неспециалисты часто не настаивают на профессиональных, научных или иных знаний и профессиях, и они часто в состоянии думать логически и инновационно.

Понятие холистической системы поддержки экологического развития получило особое значение в условиях применения Интернета. Союз целостного и всеобъемлющего Интернета для обеспечения качества четырех подсистем в функционировании экологических систем, включая: встроенную нестабильности, создание самоорганизации и саморегуляции, обучение через многоуровневую систему и передачу знаний.

Эти четыре характеристики следует рассматривать не по частям, или реализовать холистический системный подход. Индивидуально, каждый целевой элемент не обеспечивает скорость и гибкость. Они все вместе, в целом, производят новую динамику и интенсивность, которая поощряет развитие экологических систем, а также и ее подсистем и компонентов.

Профессиональный менеджмент поддержан информационными технологиями нужен принимать во внимание нестабильность, для которой должен быть создан подход организации, или тот, который будет автоматически реагировать на изменения в экономической среде. Таким образом, управлению предоставляется большая свобода в решении проблемы, но вместе с тем и сложные задачи.



Коллективные знания и интеллект в холистической концепции организованы путем проектных групп, которые соединены между собой информационными технологиями. Они более или менее самостоятельно организованы, благодаря уникальной динамике и ритму.

Обучение в организации может происходить по-разному. Индивидуальное обучение проводится, когда руководство поощряет своих сотрудников, чтобы выделить время и посвятить себя достижению их собственных экологических идей.

Тенденция к накоплению знаний у личности и у компании лишь один из аспектов изучения экологических проблем. Однако, реальность такова, что отдельные лица и организации заинтересованы в передаче своих знаний вне себя, что называется трансфер знаний.

Из сказанного выше можно заключить, что необходимо оставить классический способ решения экологических проблем и реализовать холистическую концепцию, которая смотрит на экологические проблемы как на целостные и уникальные.

### **Прикладная холистика в управлении экологией в Австралии**

В управлении естественным порядком должны иметь в виду определенные элементы, такие как экология, биоразнообразие, экологические системы, изменение климата и окружающей среды, производства и переработки.

Каждый из этих элементов сопровождается некоторыми понятиями технического обслуживания и улучшения. Однако, на примере Австралии показано что эти элементы должны быть поняты в диалектическом единстве, потому что они находятся в причинно-следственных связях и отношений, что привело к практическому применению системного подхода к управлению окружающей средой, как новой концепции и технологии.

### **Экология**

Экология это наука, которая исследует отношения живых существ к среде в которой они живут. Как такова, это ветвь биологии, которая учитывает отношения между видами животных и растений и отношения между этими видами и окружающей средой, где обитают. Наиболее очевидными отношениями являются те, которые однажды определил Дарвин, в которой те которые больше проглатают меньших, или преобразование этой фразы в новую законность «те которые быстрее проглатают медленных». Дарвиновская теория эволюции – экологическая теория. Тем не менее, эти отношения исследуют и другие аспекты функционирования живых организмов, таких, как соотношение между мужчинами и женщинами, взрослых и их потомства, доминирующих и подчиненных



лиц, живых существ, которые являются уроженцами и вторженными, и так далее. Оказывается, что создание экологического равновесия – условие устойчивости естественного порядка. Любое нарушение экологического равновесия, даже если паразиты устранены, приводит к угрозе других видов растений и животных. Заявленное накладывает определения хорошего или плохого в определенных видов деятельности в природных или экологической системах, чтобы с одной стороны не получался минимум, с другой стороны, гораздо больше было потрачено впустую.

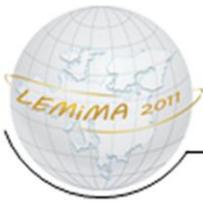
### **Биоразнообразие**

Понятием биоразнообразия объясняется огромное количество видов и отношений между животными и растениями, от микроорганизмов, как самых мелких живых существ, до крупных млекопитающих, или от водорослей до гигантских деревьев. Биоразнообразие можно рассматривать как правило, с трех точек, а именно как: генетическое разнообразие, разнообразие видов и разнообразие экосистем. Все три точки следует также рассматривать с точки зрения целостного, потому что любое изменение одного элемента приводит к изменениям в двух других элементов. Показано, что частичное разрешение экономических проблем, гораздо менее эффективно, действенно и совместно, и это естественно, так как сумма частичных эффектов всегда меньше, чем эффект совместной деятельности. Таким образом, стратегические экологические проблемы решаются на уровне содружества, или совместного правительства национальных государств, а не национальных государств, включая Австралию.

Биоразнообразие в Австралии считается специальн особенным по сравнению с другими странами в мире. Эта страна, или континент считается особенно богатый определенными типами отдельных семей, которые являются уникальными и представляют значительную привлекательность для туризма. Однако, исследования показывают, что имело место резкое сокращение биоразнообразия и тенденции отказаться от той работы. Имея это в виду, федеральное правительство для защиты окружающей среды и сохранения биологического разнообразия в 1999 году приняло решение о содействии на сохранению биологического разнообразия и приняты быстрых и качественных решений, когда речь идет о сохранении национальных природных ресурсов. Если не функционируют решения этого органа, с ними дальше дело имеет государство на своем уровне.<sup>50</sup> Таким образом предусмотрены механизмы сохранения биозапасов, потому что это значительный потенциал, который не может быть нарушен.

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<sup>50</sup> Australijskom birou za statistiku, 2000 izdanje b



## Эко система

Эко-система, как и любая другая система в целом, состоит из частей, которые находятся в связи и зависимости, которые могут быть определены и рассматриваются в качестве субъектов хозяйствования. Когда дело доходит до эко-системы, это дискретные биологические интерактивные сообщества организмов и окружающей их физической средой, то есть область, которая отличается от других в географическом, топографическом, климатическом и других смыслах. Эко-система работает по принципу самоорганизации и саморегулирования. Alaaby (1986). Обратная связь и саморегулирование в экологических системах иллюстрируется на примере отношений между травой, кроликов и лис. Если в естественной среде увеличиться число кроликов, это создает условия для увеличения числа лис, которые охотились бы на них. Увеличением числа лис, сообщество кроликов будет контролироваться, т.е. эко-система за счет самоорганизации будет в состоянии ограничить число кроликов. Увеличение числа кроликов, заставляет их съесть больше трав, что приводит к сокращению количество травы, которое, в обратной связи ограничит дальнейший роста кроликов, так как нет достаточного количества питания для всех из них. Таким образом, самостоятельно создаются механизмы, в которых в одной точке увеличения, система возвращается к восстановлению предыдущего значения. Различие и определение экосистем имеет важное значение для профессиональных экологов, чтобы они могли им эффективно управлять. Эко-система не должна быть большой. Для нее необходимо, чтобы отличалась от окружающей среды. Например, леса рассматриваются как эко-система, поскольку она имеют свои пространственные рамки или границы, которые отделяют ее от поверхности которая не занята лесами. Отдельное дерево можно рассматривать как отдельную экосистему, так как оно отличается от других деревьев в том же районе.

Экологическая и природная среда сегодня являются важным ресурсом для развития туризма. Сегодня ценится естественность, т.е. самый низкий уровень строительства и городского планирования. Это привело к развитию отдельной отрасли туризма так называемой эко-туризм, основа которого поиск: здорового питания, чисто питьевой воды и чистого воздуха.<sup>51</sup> David W.E.A. Verr: „Ecotorisam“, John and Wiley and Sons, Australia, Sidney, 2007

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<sup>51</sup> David W.E.A. Verr: „Ecotorisam“, John and Wiley and Sons, Australia, Sidney, 2007



## РЕЗИОМЕ

Предыдущий анализ показал, что австралийское правительство, в первую очередь ответственно за сохранение экосистемы и что она невозместимый фактор в создании правовой основы и стратегии для обеспечения устойчивого развития. Государство и соответствующие министерства принимают меры для предотвращения ущерба, которые могут возникнуть в природной среде и достижения устойчивого транспорта, охраны особых природных мест и достопримечательностей, а также улучшения некоторых естественных назначений. Правительство и деловые поездки, транспортные и другие компании в Австралии сотрудничают в области управления эко-системы. Однако, очевидно, что правительства и компании, работают по-разному, хотя у них и согласованные цели. Основным инструментом, посредством которого восстанавливается координация целей является национальная политика, которая связана с результатами национальной стратегии развития Австралии, в то время как на более низких уровнях иерархии предварительно реализованы оперативные процедуры и технические операции. Стратегические вопросы, связанные с управлением охраны окружающей среды отчасти доверяются и правительству Содружества, чтобы совместным усилия достиглось более тесное взаимодействие, что вполне понятно, если иметь в виду, что экологические проблемы не знают границ, трудно определить их причины, и границы их деятельности, и последствия тех причин. Благодаря хорошему отношению с природой, Австралии удалось через туризм ревалоризировать качества окружающей среды, что позволяет выделить дополнительные средства на сохранение экосистем. Опыт и информация, представленная в данном исследовании могут быть полезны для понимания проблемы сохранения и улучшения экологической системы в Сербии.

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## **РОЛЬ СИСТЕМЫ ОБУЧЕНИЯ ПЕРСОНАЛА В ПОВЫШЕНИИ КАЧЕСТВА ЧЕЛОВЕЧЕСКОГО КАПИТАЛА ОРГАНИЗАЦИЙ ЛЕСНОГО СЕКТОРА СЕВЕРО-ЗАПАДА РОССИЙСКОЙ ФЕДЕРАЦИИ**

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### ***Аннотация:***

*Получить высокие результаты в управлении организацией можно только в том случае, если люди обладают знаниями, умениями, необходимым для того, чтобы их усилия были эффективными.*

*Так как обучение не является чем-то внешним по отношению к основной функции организации, то должно играть объединяющую роль в достижении организацией основных целей. И если компания решила, что персонал нужно обучать - это признак благополучно развивающейся организации, готовой вкладывать деньги в человеческий капитал и, значит в свое будущее.*

### ***Ключевые слова:***

*обучение, организация, человеческий капитал.*

Понятие «человеческий капитал» приобретает в настоящее время большое значение не только для экономистов - теоретиков, но и для отдельных фирм. В большинстве компаний начинают придавать большое значение накоплению человеческого капитала, как самого ценного из всех видов капитала. Одним из способов накопления человеческого капитала является инвестирование в человека, в его здоровье и образование.

В экономической литературе понятие человеческого капитала рассматривают в широком и в узком смысле. В узком смысле «одной из форм капитала является образование. Человеческим его назвали потому, что эта форма становится частью человека, а капиталом является вследствие того, что представляет собой источник будущих удовлетворений или будущих заработков, либо того и другого вместе. В широком смысле человеческий капитал формируется путем инвестиций (долгосрочных капиталовложений) в человека в виде затрат на образование и подготовку рабочей силы на производстве, на охрану здоровья, миграцию и поиск информации о ценах и доходах.



Для более полной и развернутой характеристики человеческого капитала используют функциональный подход. Принцип функциональности определения характеризует явление не только с точки зрения его внутренней структуры, но с точки зрения его функционального предназначения, конечного целевого использования. Поэтому человеческий капитал - это не просто совокупность навыков, знаний, способностей, которыми обладает человек. Во-первых, это накопленный запас навыков, знаний, способностей. Во-вторых, это такой запас навыков, знаний, способностей, который целесообразно используется человеком в той или иной сфере общественного воспроизводства и способствует росту производительности труда и производства. В-третьих, целесообразное использование данного запаса в виде высокопроизводительной деятельности закономерно приводит к росту зарплаток (доходов) работника. И, в-четвертых, увеличение доходов стимулирует, заинтересовывает человека путем вложений, которые могут касаться здоровья, образования и др., увеличить, накопить новый запас навыков, знаний и мотиваций, чтобы в дальнейшем его вновь эффективно применить. Организации начинают придавать все большее значение нематериальным характеристикам своих сотрудников, таким как лояльность, способность устанавливать взаимоотношения с потребителями и готовность идти на риск, а также ищут способы их формальной оценки. И понимая, насколько дорогостоящ потенциал таких человеческих качеств, компании преобразуют их в нечто более конкретное - человеческий капитал.

Сторонники концепции управления человеческим капиталом уверены, что, измеряя широкое влияние, которое сотрудники оказывают на финансовые показатели организации, компании могут выбирать, управлять, оценивать и развивать возможности своих сотрудников так, чтобы преобразовать их человеческие качества в весомые финансовые показатели компании. Хотя такой подход предполагает поиск способов количественной оценки того, что прежде считалось нематериальными активами, специалисты, реализующие такие методики, отмечают, что на рынке бизнеса аналогичные подходы уже используются. На сегодняшний день все больше и больше сторонников завоевывает точка зрения, что человеческий капитал - это наиболее ценный ресурс не только для отдельной компании, но и для общества в целом, гораздо более важный, чем природные ресурсы или накопленное богатство. Именно человеческий капитал, а не заводы, оборудование и производственные запасы являются сегодня показателем конкурентоспособности, экономического роста и эффективности. Поэтому встает вопрос о необходимости развития человеческого капитала организаций.

Для оценки наиболее важных сторон человеческого капитала организации был проведен опрос среди руководителей и специалистов предприятий лесного сектора Северо-Запада Российской Федерации. Им была предложена анкета, в которой предлагалось отметить наиболее важные составляющие человеческого капитала организаций. В качестве основных факторов, составляющих человеческий капитал, были выделены: здоровье,



творческий потенциал, активность, организованность, образование, профессионализм, ресурсы рабочего времени, умение работать в коллективе, возраст. В качестве респондентов выступали руководители высшего звена предприятий, функциональные руководители, линейные руководители, специалисты функциональной службы, линейные специалисты. В опросе приняли участие более 60 представителей предприятий лесного сектора Северо-Запада Российской Федерации. Предприятия, выбранные для исследования относятся к целлюлозно-бумажной, деревообрабатывающей и лесозаготовительной промышленности. Каждый респондент должен был оценить значимость того или иного фактора по девятибалльной шкале. Наиболее важные факторы оценивались максимальным значением в 9 баллов, менее значимые минимальным значением 1 балл. Результаты опроса представлены в таблице 1.

Наиболее значимыми факторами, определяющими эффективное использование человеческого капитала предприятий лесного сектора Северо-Запада Российской Федерации, были названы: здоровье, образование, профессионализм, умение работать в коллективе. Следует отметить, что здоровье в качестве основного фактора человеческого капитала организации, назвали практически все респонденты вне зависимости от занимаемого положения в организации. Вторыми по значимости факторами были названы образование и профессионализм работников. На третьем месте, по мнению работников лесного сектора,

Таблица 1

Уровень значимости факторов, составляющих человеческий капитал (по результатам опроса работников предприятий лесного сектора Северо -Запада Российской Федерации)

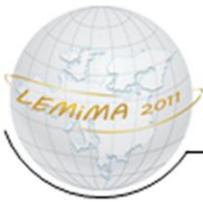
№	Фактор, составляющий человеческий капитал	Средний балл, полученный при оценке респондентами	Ранг
1.	Здоровье	8.5	1
2.	Творческий потенциал	5.9	5
3.	Активность	3.9	7
4.	Организованность	4.3	6
5.	Образование	6.4	2
6.	Профессионализм	6.1	3



7.	Ресурсы рабочего времени	3.5	8
8.	Умение работать в коллективе	6	4
9.	Возраст	2.1	9

стоит фактор, связанный с умением работать в коллективе.

Проведенный опрос подтверждает значимость, как базового уровня образования, так и необходимость инвестирования средств в обучение персонала организаций лесного сектора. Однако, реальная ситуация с проведением обучения в компаниях лесного сектора Северо -Запада Российской Федерации свидетельствует о недостаточном внимании, которое уделяют организации обучению персонала. Нами была проведена оценка инвестиций в обучение компаний лесного комплекса Ленинградской области. Она заключалась в сравнении фактического объема инвестиций в обучение персонала с потребностями в обучении персонала. В результате проведенного исследования можно сделать выводы о недостаточности средств, инвестируемых в обучение. Несмотря на то, что у большинства компаний лесного комплекса Ленинградской области существует потребность в обучении персонала, четко сформулированной концепции развития персонала в части касающейся его обучения, большинство компаний не имеет. При этом было бы неправильно говорить о том, что организации не осуществляют инвестиции в обучение персонала. Однако, такая подготовка имеет характер законодательно закрепленной необходимости. Это относится к подготовке таких специалистов, как инженеры по охране труда, рабочие различных специальностей. Активно инвестируются средства в обучение таких специалистов, которые постоянно должны обновлять свои знания в связи с изменениями законодательства. К этой категории могут быть отнесены такие специалисты, как бухгалтеры. Обучение остальных категорий персонала в основном носит несистематический характер. При общем недостаточном уровне инвестиций в обучение персонала предприятий лесного комплекса Ленинградской области, можно выделить тенденцию незначительного роста средств, вкладываемых крупными лесозаготовительными предприятиями в обучение. При сравнении объема инвестиций в обучение персонала предприятий лесного комплекса Ленинградской области и потребностей в обучении, можно сделать вывод о неудовлетворенных потребностях в обучении. Это относится и к подготовке высококвалифицированных рабочих, к повышению квалификации руководителей и специалистов. Было выявлено, что, несмотря на существование объективной потребности в обучении на предприятиях лесного комплекса Ленинградской области, значительная доля организаций не стремится вкладывать средства в обучение и повышение квалификации сотрудников. Не все руководители лесных предприятий сегодня осознают тот факт, что вложения в персонал



организации позволят существенно повысить эффективность использования трудовых ресурсов организации, мотивировать сотрудников на более качественное выполнение своих обязанностей. Это в свою очередь приведет к снижению удельных затрат организации и повышению уровня ее конкурентоспособности на рынке. Оценка ситуации, связанной с обучением персонала в лесных учебных заведениях Северо-Запада Российской Федерации позволяет сделать вывод о необходимости совершенствования подходов к управлению процессами обучения персонала указанных предприятий. Это может быть обеспечено на основе использования международного стандарта ИСО 10015 «Управление качеством. Руководство по обучению». Основными направлениями управления процессом обучения должны стать: определение потребностей обучения, разработка и планирование процесса обучения, обеспечение процесса обучения, оценка итогов обучения. Необходимо отметить, что оценка потребностей в обучении должна проводиться линейными руководителями. В крупных компаниях лесного сектора Северо-Запада Российской Федерации процесс обучения персонала организован в соответствии с указанными направлениями. Однако средние компании, как правило, не уделяют процессу обучению персонала должного внимания. Для контроля за процессом обучения в компаниях целесообразно разрабатывать и контролировать бюджет затрат на обучение. В настоящее время такие бюджеты разрабатываются, как правило, в крупных компаниях. Следует отметить, что бюджет затрат на обучение персонала позволяет эффективно управлять процессом обучения работников. Он позволяет оптимизировать затраты на обучение персонала и их строго контролировать. Затраты на обучение персонала – это стоимость ресурсов, используемых в процессе организации и проведения учебных занятий. Среди них выделяются: 1) прямые затраты (закупка учебных курсов, оплата преподавателей, расходные материалы и др.) и косвенными или скрытыми (прибыль, недополученная при отказе от сдачи в аренду собственных зданий, простой рабочего места в период обучения); 2) постоянные затраты (не зависящими от объема обучения) и переменными (зависящими от объема обучения); 3) общие затраты (все затраты на обучение), средние (издержки на один час обучения или на одного обученного) и предельные (прирост общих издержек, связанным с объемом обучения на один час или на одного обученного). Оптимизация затрат будет связана с тактическими и стратегическими планами предприятия. При решении задачи стабилизации кадрового состава предприятия инвестировать в обучение сотрудников необходимо на всех уровнях. Для контроля за выполнением бюджета большое значение имеет анализ затрат на обучение персонала, Анализ динамики изменения постоянных и переменных затрат позволяет оптимизировать объем обучения и соотношение внутреннего и внешнего обучения. Кроме того, анализ издержек на обучение персонала, позволяет решать следующие задачи:

- начиная с какого количества обучаемого персонала той или иной категории целесообразно организовывать обучение внутри компании;

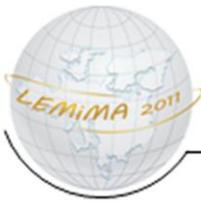


- как перераспределить расходы на обучение сотрудников той или иной категории в зависимости от задач организации;
- по истечении какого периода следует ожидать отдачу от вложений в обучение персонала.

Важность рассматриваемых вопросов подтверждается проведенным исследованием на предприятиях лесного сектора Северо - Запада Российской Федерации о взаимосвязи текучести кадров и издержек на обучение персонала. Оно подтвердило отрицательную взаимосвязь текучести кадров и издержек на обучение персонала: чем больше было затрачено на обучение, тем ниже текучесть кадров. На современном рынке труда специалисты имеют огромную свободу выбора своих работодателей. Основная причина, по которой сотрудники уходят из компании, состоит в том, что они не ощущают своей востребованности или не видят перспектив для полного развития своих возможностей. Управление человеческим капиталом помогает эффективно использовать опыт и знания сотрудников, чтобы помочь им полностью реализовать свой потенциал. Таким образом проведение политики управления персоналом, направленной на проведение обоснованной политики обучения персонала позволит организации повысить качество человеческого капитала, снизить затраты на подбор, найм и адаптацию персонала и ,как следствие, повысить эффективность отдачи от персонала организации и эффективность деятельности организации в целом.

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## EDUCATION AND KNOWLEDGE ECONOMY

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### **Abstract:**

*In the modern world, knowledge has become a key driver of development and the most important factor in increasing the productivity of labor. It is a fundamental resource development throughout the human history was crucial to the overall social and economic development. Knowledge and education is of particular importance for a country in transition, in which development path should be faster and sustained at all levels and in all sectors of global society, because increasing the range and quality of production depends on technological innovation and scientific achievements. Between the science and other social systems, there is a tight feedback where a development affects the development of the other and vice versa.*

*This paper reflects on the society of knowledge and global trends that are reflected in the overall social development. It is trying to describe and point to certain features of conventional economics and the knowledge economy that is becoming dominant on the global stage. Special attention is paid to sustainable social development and the role of holistic education in the production of knowledge for knowledge, not for the title. Key findings of this study are expressed as recommendations and conclusions that may be helpful in building a knowledge society.*

### **Keywords:**

*knowledge society, sustainable development, education, knowledge innovation*

## **SOME FEATURES OF KNOWLEDGE ECONOMY AND SOCIAL DEVELOPMENT**

Under the economy of knowledge in this paper includes system requirements, tools, content, and modes of knowledge, including the relationships between investment and outcomes of knowledge creation and its use to meet personal and social needs of a certain degree of general development of society. This includes increasing, continuous improvement, and innovation of knowledge in line with economic, social, cultural, and other goals and interests of the community and every individual in certain jobs and certain time. In close association with the economy of knowledge in relation to complementarity and economy is education. This is a new specialist economic discipline that deals with the factors that, from time to time in the given society, affect the allocation of funds from the national income for education and contribute to the knowledge given to development of a society in which man with his knowledge of expertise considered "human capital" because the fact that knowledge and expertise really helps to create new value. Clearly, all this provided the knowledge that man is employed and as such has become a significant resource. If such recruitment was not



there then we can no longer speak of human capital but the social cost and the inadequate allocation of resources in certain segments of the environment.

Knowledge is the process of networking meaningful information. Knowledge is the result of data processing and information awareness.<sup>52</sup> Information is, shall we say, material that generates knowledge and knowledge in the form of communicating and storing. Knowledge is the only category that growing with use. Intangible good, intangible product is manifested in the form of information, scientific, literary, entertainment, and artistic achievements. Knowledge is becoming increasingly evident as the new most important business asset and driving force of the new economy that must be carefully managed. As intellectual good, according to current accounting standards and business practices, has no fair market value that material wealth have.<sup>53</sup>

In every historical turn - past, present and future, systemic social changes have always been based on knowledge and various production forces. Agrarian and feudal times based its development on the fertile land, physical labor, and manual production. Numerous scientific patents and inventions such as steam, electricity, machinery, and routine matters characterized industrial Age from the beginning of the 18th century. In this age, a maximum profit has been accepted as a major goal of personal and social action, and the free market and capitalist social order as a pattern by which this goal can be achieved.<sup>54</sup> Information Age was based on robotization, microelectronics, and scientific global communications. In the information age, series of epoch-making and scientific achievements that have paved the way to a new period, the period of the knowledge society occur.

Weaving and forging are among the world's greatest inventions. These two craft were attributed to gods, who created the human race. Blacksmith and a weaver in these societies were priests. Weaving and forging are among the world's greatest inventions. The process of creating the invention begins with the inventive idea, which can flash at the moment of inspiration, but the maturation of the invention is usually a lengthy and complex. From the idea to its conversion to a market-friendly product often requires research, study, experimental verification and correction of the prototype, professional, and expert treatment, that the final version of the invention functional, ergonomic, aesthetically and economically is viable and environmentally sustainable. Epoch-

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<sup>52</sup> Jelena Đorđević Boljanović: Menadžment Znanja, Datastatus, Novi Sad, 2009. str. 4.

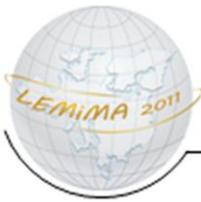
<sup>52</sup> L. Edvinsson „Korporacijska longituda – Navigacija ekonomijom znanja“, Differo, Zagreb, 2003.

<sup>52</sup> Milan Mesarić: XXI. stoljeće - Doba sudbonosnih izazova, Prometej, Zagreb, 2008. str. 307.

<sup>1</sup> Jelena Đorđević Boljanovic: Menadžment Znanja, Datastatus, Novi Sad, 2009. str. 4.

<sup>53</sup> L. Edvinsson „Korporacijska longituda – Navigacija ekonomijom znanja“, Differo, Zagreb, 2003.

<sup>54</sup> Milan Mesaric: XXI. stoljeće - Doba sudbonosnih izazova, Prometej, Zagreb, 2008. str. 307.



making inventions beginning in the 17<sup>th</sup> century and were quickly improving and applied. Technology replaced heavy work of a man transferring work the machines that run the fuel line (the steam engine and the engine), the mass production of manual labor is minimized in favor of intellectual work (factory automation and robotization), and finally today, eliminating the annoying intellectual routines freeing man for creativity using modern computer programs. Table 1 shows some inventions and patents that have influenced the technological and social development.

Table 1.: Some inventions and patents that have influenced technological and social development

Technological inventions and discoveries	Start of implementation
James Watt discovered the steam power in 1765	The application of steam power started in 1780
The construction of navigable canals in 1770	The construction of navigable canals began in the United States and took until the mid-19 century
Steam locomotive in 1815	The usage of steam locomotives for transport started in 1825
Telegraph and telephone in 1850	Bell introduced the first commercial telephone in 1876 and telegraph in 1878
Nikola Tesla (1856-1943) reveals a dynamo, transformers and motors using alternating current	The invention of electric bulb by Thomas Edison in 1879
Gottlied Daimler and Carl Benz made steam powered vehicles in 1890	The steam-powered vehicles were first built in the 18th century. Henry Ford started mass production. Only after 1945, rapid construction of roads and developing road traffic was started.
Pharmaceuticals in 1890	The first effective medication, aspirin, was discovered and placed by Bayer in 1899. Antibiotics were discovered in 1928, and broad therapeutic application began in 1970
Radio and television in 1910	Commercial radio transmission started in 1920, and TV broadcasting in 1936. Mass usage of black and white TV sets began after 1950, and color TV sets after 1970.
Artificial materials in 1901	The first man-made fabrics was produced in 1901, and first plastic products in 1945.
Air traffic in 1920	The first air flight took place in Germany in 1919. First Boeing 747 was manufactured in 1969.



Computers in 1950	The prototype of the computer was used during the Second World War II and the first computers were sold in 1950. Their use has expanded after 1985.
Biotechnology in 1970	The structure of DNA was identified in 1973, but only in 1990 genetic food become commercially available.
Japanese Sumio Iijanni discovered a carbon nanotube in 1991	Carbon nanotube has hardness and thermal conductivity two times higher than a diamond, the current conductivity is a billion times better than of copper wire. Price of gram in 2000 was US\$1500, and price of gold was US\$10. <sup>55</sup>

Source: Analysis and adaption by author

Every technological breakthrough in its time has improved and enabled sustainable social development. This development in the past was moving rather slowly. From the presented table we can see that most of the inventions and goods produced after 1800. The time from discovery of the invention to its application amounted to an average of 15 to 30 years. Today, the time from scientific discovery to its practical application is one to three years.<sup>56</sup> Speaking of modernization, we can say what it means to industrialization, but does not mean urbanization too, increased literacy, education, wealth and social mobility, and more complex and more diverse employment structure. Modernization is the product of a massive proliferation of scientific and technical knowledge of 18 century, whereby people are given the opportunity to shape and manage their environment as never before. West was the first nation to be modernized, so Western is a leader in accepting modern culture, and because other companies accept similar patterns of education, work and wealth and class structure, this argument leads to the modern Western culture to become the universal culture of the whole world.<sup>57</sup>

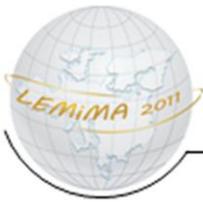
Knowledge, creativity, and innovation have always been the prime movers of development.<sup>58</sup> Development of human society and every business system depends on

<sup>55</sup> <http://hr.wikipedia.org/Nanotehnologija>, 10.3.2011.

<sup>56</sup> V. Vujić: Menadžment promjena, Fakultet za menadžment u turizmu i ugostiteljstvu, Opatija, 2008., str.18

<sup>57</sup> S.P. Huntington, Sukob civilizacija, Izvori, Zagreb, 1998., str. 91

<sup>58</sup> V. Srića: Kreativnost i kako je povecati“, Napredak, br. 134, Zagreb, 1993.



creativity. Knowledge and creativity of people depend on micro and macro factors. Micro factors and environment is related to the structure and quality of human resources, forms of organization, applying modern methods and techniques to manage and encourage creative thinking. Macro factors emerge from the social environment and political and economic characteristics of society that are reflected in the entrepreneurial infrastructure, democracy, tolerance, work culture, and ethics, legal and social freedom and security. In all of this, the key roles have human resources and their relationship to work in the production process and economic relations based on knowledge. Table 2 showing some economic traits that disappear and appear.

Table 2.: Characteristics of outgoing conventional economics, and the incoming knowledge economy <b>Outgoing conventional economics</b>	<b>Incoming knowledge economy</b>
Production for the market	Production for the customer
Financial capital	Human capital
Certainty and probability	Turbulence and uncertainty
Predictability - the extension of the past	Unpredictability - Research of future
Long-term planning	Strategic planning
National economy	Global economy
National Management	International Management
Large business systems and capacity	Small and medium enterprise flexible
Quantitative growth	Qualitative growth and development
Typical serial production	New Products
Slow changes	Rapid changes
Mass production on an assembly line	Flexible manufacturing and warehouse without error
Big fish eat small fish	Fast fish eat slow fish
Rigid, inflexible organization	Flexible network organization
Hierarchical structure of leadership	Collaborative Entrepreneurial Management
Concentration and centralization of activities	Decentralization of operations
High control pyramids	Low control pyramids
Great professional service	Small and expert teams
Mainly executive and routine work	Creative work and robotized production
Worker in contact with the materials	Worker in touch with information
Funds management: command, control	Managing through motivation and coordination
Knowledge and opinion is vertical from	Knowledge and thinking is a systematic,



top to bottom	networked, creative in both directions
No alternative	There are always several alternatives
Free enterprise and market competition is governed by the laws	Corporate social responsibility and the market economy, the moral code for managers

Source: Adapted by the author according to Sundać Dragan: *Ekonomija neznanja kao depot svjetske ekonomske krize*. U zborniku radova Kriza i okviri ekonomske politike, HAZU, Zagreb, 2009., str. 247.

To understand the past and accept the future of the designated features and twists that reflect on the overall social development it is enough to highlight the global trends of the knowledge economy and its clearance and guidance:

- From industrial society to knowledge society
- from labor and capital to information and communication in science
- from material production to human emancipation
- from the society of unequal to the community of equal
- from separate nations to a global community
- from opposing States to unified humanity
- from versatile separation to the universal gender equality
- from the division of general labor to the overall entrepreneurial activity
- from the parts of the hierarchy to networked totality
- from typing and process control to quality and designs of products and services
- from individual existence to individual development
- from specialist to holistic education
- from learning from the past to the learning from future
- from students' education to knowledge innovation and lifelong learning
- from education for the profession to education for knowledge
- from production of goods to the development of human capital
- from hideous slave labor to a pleasant leisure activity
- from naturally occurring and historically developed needs
- from making the things to the production of communication forms
- from possession of goods to one's satisfaction
- from collective man to total individualism

Current relations in society and science are not up to the task. That is why political parties and social institutions and communities are able to offer and make a coherent strategy for sustainable national development. The concept of sustainable development is very wide and can be applied to all aspects of social, economic, and cultural life of a



country and its environment. This approach is mentioned first in forestry back in the 1713 and in the spatial economy as a new expression in particular began to study in the second half of the 20<sup>th</sup> century.<sup>59</sup> During the '90s of the last century caused many economic, environmental, and social debates.<sup>60</sup> Although much of what has been said about this concept reasonable from academic standpoint, it's not anything innovative or radical.

Expression "sustainable development" is just modern or another term for the rational use of scarce resources, which has led to great confusion. Sometimes development was understood as a growth, and it is this confusion that caused great debates in the literature related to sustainable development. In reality, development must be sustainable to be classified as general development; otherwise, it is a short-term growth. Most of the authors try to define development include reflections on the self-sustained growth in times of crisis.<sup>61</sup> However, the allocation of scarce resources in production activities is not sustainable if the technology innovation and inventions fail to find a replacement for the same resources in the future. Therefore, the rapid development of environmental problems imposes new products, new technologies, and therefore responsible and innovative management of sustainable development.

## **HOLISTIC EDUCATION FOR A NEW SOCIAL DEVELOPMENT**

Holistic education requires working with less capital and intellectual services to achieve the planned objectives and results. This guidance assumes an appropriate policy of social development, which should adopt the aims, principles, forms, concepts, sources, and their size, waiting for the effects to be achieved. In the knowledge society, education has two important purposes. One is to allow people to govern themselves wisely, and the other is to allow them to enjoy a quality life. In the early 21<sup>st</sup> century there has been some very significant changes and trends in professional and social nature, that are based on the following:<sup>62</sup>

- The attitude and expectations of employees of their profession have change, instead of material the desire for greater autonomy occur;

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<sup>59</sup> Vidoje Vujić: Održivi razvoj turizma, Fakultet za turistički i hotelski menadžment, Opatija, 2005., str., 58.

<sup>60</sup> Chris Cooper, John Fletcher, Alan Fyall, David Gilbert, Stephen Wanhill: Ekonomija turizma, Ekokon, Split, 2008., str. 195.

<sup>61</sup> Života Radosavljević: Corporate management in times of crises, LEMiMA 2009. Proceedings Volume 1.str.1. International Conference

"Law Economy and Management in Modern Ambience" Faculty for Education of the Executives University of Business Academy, Novi Sad.

<sup>62</sup> Slobodan Čamilović i Vidoje Vujić: Osnove menadžmenta ljudskih resursa, Tekon, Beograd, 2011. str. 47.

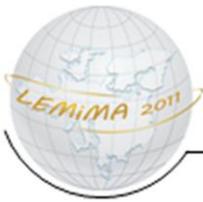


- Structural social and technological changes are forcing organizations to continually innovate the knowledge of its employees;
- The environment is increasingly monitor what is happening within the organization and points to their needs, it also wants to be satisfied;
- The growth of labor costs and reducing working hours forces the management to the reasonable use of resources and improve the overall quality of work;
- Rapid economic and technological changes condition changing ways of doing things;
- Human needs, desires and cultures of life have changed significantly;
- Partnerships and civil human society are formed;
- Teamwork and the principles of sustainable development nurture;
- The satisfaction of all participants in business processes and relationships promote.

Not to notice the marked trends and not to adjust the education system that challenges has negative impact on work and business to individuals and society as a whole. Education is the most important component of quality human capital.<sup>63</sup> Countries with good education system mainly benefit in the form of higher economic growth. In France, England, and the U.S., higher education has led to the development of new industries. In Poland, Italy and Germany, holistic education and development of business and technical schools also accelerate economic and social development. Some countries like Japan have developed their own technology, including patent offices. Japan has developed a quality education system and become a leading technology innovator. Other countries have chosen a strategy of buying technology and its improvement. India is perhaps the best example of keeping the economy supported by high quality education personnel at all levels. At its national colleges and many colleges, 5 million of various experts graduate yearly. Skills in computer programming supported the revolution in the development of information technology in India. In China, foreign direct investment by the thousands of Western companies led to the transfer of technology and managerial skills of thousands of Chinese workers. Educational institutions are an important generator of technology development, but it is also a research laboratory in the companies. Aristotle long ago divided the education for the profession of teaching and learning of knowledge. Education for the profession of providing employment for farm and industrial plants, and has to perform various administrative and other services of administrative non-production jobs. If this keeps up in our existing education system in which people write the final, graduate, and doctoral theses that nobody reads, or resolves anything, we could say this will become

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<sup>63</sup> Vidoje Vujić: Menadžment ljudskog kapitala, Fakultet za menadžment u turizmu i ugostiteljstvu, treće izdanje, Opatija, 2008., str.,21



education for the company out of business. Knowledge society, we're seeking more holistic education corresponds to the universal knowledge, which makes it easy to modify activities and continuing education everyday learning and innovation in knowledge. Educational reformers of "Bologna" system in the introduction of previous actions and projects rejected the very word "holistic", not knowing what it really mean, or believing that there is no place for such education in our backward situation and therefore should not get carried away with unachievable. Therefore, the wrong approach to the problem of education contributes most of the development where education is essential not lead to skills and really is not much changed on the lesser quality. It is clear that his change from the beginning cannot be so radical that education for the profession at a time through the night to replace a holistic education for the knowledge.

Holistic education is rarely the subject of scientific research, especially in areas where little is known about it and believes in the possibility of its realization. Moreover, it did not show a benefit from the daily learning of the future. Specialist education should oppose a clearly defined and detailed content framed holistic education; know in its full maturity. Nothing does not matter what the circumstances prevailing mixed holistic education can immediately apply in their entirety. It needs to involve the scientific conception of its integrated totality, and thus know how the education will be when you get out of detention past and its specialist attire is completely reject. Only in this way can be scientifically heft, connect, combine harmoniously integrated and functionally and holistic specialized. There is no doubt that any such approach to education reform is very demanding, very difficult and subject to various criticisms. Will be less risk when entrusting education reform experts who are themselves holistic education and who have published works prove that they know holistic thinking and holistic education to know how to apply.

On the role of education in contemporary society, especially on its economic purpose, it is very much debated. In any analysis of competitiveness, the most notable is importance of well-educated and professionally qualified personnel. This view is further emphasized by the fact that education expenditure is often referred to as investment in people. As is usually invested for economic gain, education is one aspect of it or, more accurately, a component of general economic policy. There is no doubt that education has social and economic purposes. That is known for a long time. However, mass industrial production generally works well with semi-literate workers who are hardworking and disciplined as a result of their escape from material deprivation and social isolation in primitive farming. This is why most work intensive labor intensive industries moved to the new industrial countries in which power, obedience, and diligence are the most important conditions for economic success. In developed countries, however, education plays a central role in the economy. The modern economy needs trained and skilled staff. All sectors that are rapidly developing - those in which production is based on technology, art and design, the large and growing economic sectors that deal with travel, culture and entertainment, and



freelance professions - must have an educated staff. Education also provides preparing of and inspires innovators who react to what amuse educated population. Thanks to education, sustainable development is becoming a necessary and desirable.

However, we must draw the line here. The knowledge society cannot accept that education in the modern economy is primarily an economic purpose, education has a broader political and social role, and it is justified.<sup>64</sup> First of all, education has a decisive influence on social peace and tranquility, it provides hope and real opportunity to escape from the lower, neglected social and economic strata. Social and economic stratification is somewhat inevitable in a knowledge society, it is almost certain that the class system cannot be completely eliminated. However, for social morality and political stability must be accepted and effective opportunity for advancement, to escape from the lower level and above. If there is not, frustration and sometimes unrest occur in society.

As the economy develops and increases social responsibility, problems that government faces are becoming more and more varied, and this progression may not be arithmetic but geometric. Because of this, or there must be educated electorate that can intellectually cope with these problems and decisions or to be largely or completely leave to the state and its administration. Education not only provides a democracy but also it is necessary. Education not only creates a population that understands the public tasks, it also creates the need of the population to be heard. Illiterate people can be easy to keep in subjection under authoritarian rule. It is not possible with educated citizens who expressed interest in politics and have clearly expressed views. In the modern world today, there is no good educated population that is under a dictatorship or that it is not reasonably oppose the dictatorship. In contrast, the dictatorship of the poor and illiterate is a common occurrence.

The conventional wisdom is that democracy is a fundamental human right. It really is, but also a natural consequence of education and sustainable development. This is because there is no other practical way to control people of which, because of their education, are expected to make their voices heard and which cannot be kept in silent obedience. Therefore, again education enables democracy, and, together with economic development, it is necessary, even inevitable. Education primarily serves the enrichment of life and enjoying it. Just individual education opens doors to enjoy the language, literature, art, music, in all the varied and extraordinary phenomena on the world stage. For all that, public funds should be available. The clearest and most authoritative criterion for the knowledge society is its willingness to impose taxes and provide funding for quality education system for all its citizens. The economic benefit that arises is not so questionable. Political gain is not an issue either. Nevertheless,

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<sup>64</sup> John Kenneth Galbraith: Dobro društvo, Algoritam Zagreb, 2007., str. 67.



what is the benefit in better and better quality of life for all, and that only holistic education can provide.

## RESUME

With each passing day, we come to the realization that indicates that the old world of disconnected people goes out and the flourishing new world of integrated global unified humanity. Dies and disappears seemingly disparate community, grown on the land, labor and capital, and stature, and remains a global community of equals, based on knowledge, new technology, and scientific communication. Today, knowledge is considered one of the most valuable assets of a business system, which should successfully manage to achieve competitive advantage and sustainability. The production of knowledge is a complex process that can improve the quality only with the support of a holistic education and knowledge innovation.

On the stage are new scientific disciplines and methods of work and activities in the new economy, new planning, new methods of sustainable development, new policy development, reorganization and technology work, new businesses, new business philosophy, the new system, and process of education and knowledge innovation people. The basic task of every society is to make it in time before and harmonize their actions with new global trends and needs of the population and economy. In this interaction conjunction, meaning of the knowledge economy and holistic education becomes more pronounced because knowledge determines directions of development of social, economic, and commercial structures.

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## **ПРЕДПРИНИМАТЕЛЬСТВО И ТВОРЧЕСТВО КАК ФАКТОР ИННОВАЦИОННОГО РОСТА**

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### ***Анотация:***

*В статье предпринимательство рассматривается как инициативная и новаторская деятельность важной чертой которой является творчество. Необходимость в творческом предпринимательстве, обусловленная прогрессивными тенденциями развития экономики. Степень конкурентоспособности любой компании во многом зависит от ее творческого потенциала. Открытие новых направлений бизнеса или путей распространения информации – все это виды проявления творчества.*

### ***Ключевые слова:***

*Предпринимательство, инновации, качество экономического роста, диффузия инновационных практик, национальная экономика, творческие организации, творческий потенциал нации.*

Понятие предпринимательства представляет собой одну из ключевых категорий современной экономической науки. Ее отличает особая многоплановость и историческая определенность. В соответствии с господствующей в современной экономической литературе традицией генезис предпринимательства принято связывать с появлением и развитием рыночного хозяйства. Основоположник теории предпринимательства Р.Кантильен (начало XVIII в.) связывал предпринимательскую деятельность с риском и неопределенностью, умением получать доход на разнице между спросом и предложением. В подходе Р.Кантильена при явном акцентировании рискованного аспекта заложены еще два существенных момента предпринимательства, определяемые основами мотивации и составляющие его атрибутивные черты: инициативный характер деятельности и нацеленность на получение предпринимательского дохода. Эту методологическую линию в развитии теории предпринимательства продолжили в XIX в. И.Тюнен, Г.Мангольт, Ф.Найт, выделяя «несение риска» в качестве главной функции предпринимателя. Иная сторона явления оказалась в центре внимания Ж.Бодо, Ж.-Б.Сэя, которые видели главную функцию в координации производства, в эффективном комбинировании экономических ресурсов, их перманентном перемещении в «область с более высокой производительностью и прибыльностью».



Если Ж.-Б.Сэй, как и большинство его предшественников, отделял фигуру предпринимателя от фигуры капиталиста (собственника капитала), то у А.Смита присутствовало стремление объединить две роли предпринимателя в одном лице. Весомый вклад в осмысление сущности предпринимательства внес Й.Шумпетер, выделивший инновационность в качестве базовой черты предпринимательства. Предприниматель по Й.Шумпетеру – прежде всего, инноватор, создающий новые комбинации факторов производства, внедряющий новые технологии, осваивающий новые рынки и виды продукции. Применительно к экономическим реалиям второй половины XX в. проблемы инноваций в предпринимательстве разрабатывал П.Друкер, совместивший в своей концепции предпринимательства традиции Ж.-Б.Сэя и Й.Шумпетера. В условиях усложнения и индивидуализации спроса, по его мнению, содержанием и основной функцией предпринимательства становится нововведение. П.Друкер показал особую роль в инновационном процессе малого бизнеса и необходимость государственно-организованного воспроизводства предпринимательского ресурса.

Подводя итог эволюции понятия предпринимательства, отражающей развитие самого феномена, можно выделить важнейшие характеристики предпринимательской деятельности.

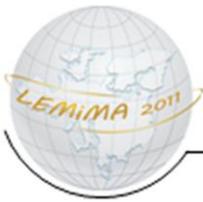
Во-первых, в содержание предпринимательской деятельности входит *управление экономическими ресурсами и эффективное комбинирование факторов производства.*

Во-вторых, предпринимательская деятельность носит *инициативный характер*, предполагает свободу в принятии управленческих решений в управлении ресурсами и *нацелена на получение предпринимательского дохода.* Основой осуществления такой деятельности является институциональное оформление его как субъекта собственности и фиксации его прав на присвоение части воспроизводимых экономических благ.

В-третьих, важной чертой предпринимательства является *инновационность*, направленность ее на поиск и реализацию новых комбинаций экономических ресурсов общества. Умение находить и реализовать идеи, воплощать их в конкретные предпринимательские проекты является важнейшей составляющей предпринимательской деятельности.

В-четвертых, неотъемлемой чертой предпринимательства является деятельность в условиях рыночной неопределенности и наличие *предпринимательского риска.* Причем неопределенность в достижении конечного результата сопряжена с ответственностью за эффективное использование ресурсов (собственных и привлеченных). Параметры имущественной и прочей ответственности предпринимателя предопределяют величину предпринимательского риска. Степень этого риска определяет множество факторов: уровень управленческих способностей, стабильностью экономической ситуации в стране, уровнем правовой защищенности предпринимателя и т.п.

Таким образом, предпринимательская деятельность объединяет функции собственника, менеджера и новатора. Однако в отличие от менеджера предприниматель, реализуя



функции собственника, может самостоятельно изменять условия хозяйствования, единолично принимать решения и нести ответственность за их последствия. В отличие от изобретателя и научного работника предприниматель не всегда является творцом идей, новых комбинаций ресурсов, но его деятельность всегда связана с претворением новых идей в жизнь. В отличие от собственника инвестиционных ресурсов предприниматель чаще всего обладает необходимыми знаниями и мотивацией для того, чтобы управлять экономическими ресурсами; в то же время, используя собственные ресурсы, предприниматель берет на себя риск, по своему содержанию являющийся риском собственника.

С учетом изложенного, предпринимательство можно определить как инициативную и новаторскую деятельность по организации и управлению производством, осуществляемую в условиях рыночной неопределенности и нацеленную на получение предпринимательского дохода.

*Важнейшим субъектом инновационной деятельности является творческий предприниматель. Эта роль инноватора, с одной стороны, синтезирует определенные мотивационные доминанты, присущие предпринимателю-рутинеру и исследователю-изобретателю; с другой стороны, в ней воплощено особое качество, свойственное только этому субъекту. В данной фигуре мощь социальных мотивов, чувство общественной солидарности и командный дух сочетаются с индивидуальным и групповым эгоизмом, стремлением к соревнованию и победе, бойцовскими качествами. Качественные характеристики творческого предпринимателя – не что иное, как субъектное проявление связи социального характера инновационного процесса с экономическим способом его реализации. Творческому предпринимателю не чужды творческое самовыражение и удовлетворение от процесса деятельности, ему необходимо социальное признание и слава – богатство без общественного признания его мало интересуют, однако эти установки, как правило, встроены в систему экономической мотивации. Именно она задает цели логику поведения, инновационная деятельность для него – средство выживания в конкурентной борьбе, способ достижения экономического успеха.*

*Необходимость в творческом предпринимательстве, обусловленная прогрессивными тенденциями развития экономики, составляет лишь одну сторону связи этого феномена с качеством экономического роста. Известно, что постиндустриальное развитие передовых национальных хозяйств существенно отличается от соответствующих усилий множества государств, идущих по пути «догоняющего» развития. Последние предпринимают огромные усилия придать динамике своих национально-экономических комплексов новое качество, быстро перестроить их по образцу более успешных стран. В этих условиях государство одновременно берет на себя функции реформатора и творческого предпринимателя, пытаясь с помощью всего инструментария экономической политики (прежде всего, фискальной концентрации ресурсов и масштабных государственных инвестиций) сформировать новые технологические и экономические уклады, призванные преобразовать всю экономическую систему. Подобные усилия часто завершаются созданием высокотехнологичных анклавов экономики – эксклюзивных областей науки и*



*производства, отграниченных от внешней экономической среды, занятых обслуживанием государственного аппарата, реализующих его приоритетные проекты. Экономическая жизнь за пределами этих сфер остается без существенных изменений.*

*Иной алгоритм взаимосвязи творческого предпринимательства и качества экономического роста реализуется в странах, где новые уклады являются результатом системной эволюции, а не создаются разовыми мероприятиями просвещенного государства. Важнейшей отличительной чертой таких национальных экономик является широкий «низовой» спрос на высокотехнологичные товары и информационный продукт. Наличие высокоразвитого и требовательного потребителя, высокий спрос на такую продукцию со стороны отечественных предприятий составляют надежную основу инновационного развития национальной экономики. Высокий уровень жизни и качество потребления широких слоев населения, ориентация на эти стандарты предприятий всех отраслей хозяйства, открытость экономики и жесткая конкуренция в деле удовлетворения запросов передового потребителя внутри страны и за ее пределами делают процесс инновационного развития устойчивым и необратимым, создают предпосылки сохранения высокого качества экономического роста. В этой связи, при всей важности организованных усилий государства, главная роль в процессе обеспечения инновационного вектора развития экономики принадлежит творческому предпринимателю «низового» и корпоративного уровней, а также передовому отряду потребителей. Данный алгоритм экономического развития связан не столько с реализацией государственных программ, направленных на концентрацию общественных ресурсов в отдельных, «прорывных», областях экономики, сколько с диффузией инновационных практик, проникновением их во все сферы экономической и социальной жизни, охватом не только производства, но и услуг, отраслей инфраструктуры, сферы личного потребления.*

*Творчество может рассматриваться как отличительная черта организации в целом или ее подразделений. Характеристики творческой организации аналогичны чертам творческой личности. Творческие организации имеют гибкие структуры, должностные обязанности сотрудников определены приблизительно, сферы ответственности частично совпадают, формулировки задач носят общий характер, акцент делается на совместной работе. Творческие организации отличает свобода, состязательность и партнерство, которые являются источником новых идей. Стремление повысить творческий уровень и развить способности к инициированию изменений нуждаются в разработке различных программ.*



*В мировой практике принято определять творческий потенциал не только корпорации, но и стран, для чего вычисляется индекс творческих работников, к общему числу занятого в экономике населения(1,274). Данные по 25 странам, представленные нами в таблице 1, показывают почти двукратный разрыв в величине индекса между странами, занимающими первое и последнее места (1,275). Общемировой тенденцией является резкое увеличение доли творческих работников в общей численности занятых, а также изменение позиций стран по этому показателю.*

**Таблица 1**

Доля творческих работников в общей численности занятых

Ранг	Страна	Доля творческих работников, %	Ранг	Страна	Доля творческих работников, %
1	Ирландия	33,5	14	Швейцария	22,1
2	Бельгия	32,4	15	Дания	21,3
3	Австралия	30,1	16	Россия	16,3
4	Нидерланды	29,5	17	Латвия	20,9
5	Новая Зеландия	27,1	18	Израиль	20,5
6	Эстония	26,2	19	Германия	20,1
7	Великобритания	25,7	20	Украина	20,1
8	Канада	25,0	21	Испания	19,8
9	Финляндия	24,7	22	Болгария	19,8
10	Исландия	24,1	23	Норвегия	18,8
11	США	23,6	24	Венгрия	18,5
12	Швеция	22,9	25	Австрия	17,2
13	Греция	22,8	26		

Примечание: Данные по России относятся к 1999 г., Нидерланды и Болгарии – 2000 г., по США – к 2003 г. Все остальные данные за 2003 г.

В современной экономике творчество и конкурентоспособность тесно связаны друг с другом, поэтому руководители стран и корпораций должны прикладывать определенные усилия к повышению творческого потенциала работников. При этом могут быть использованы самые разнообразные методы, ориентированные на привлечение, обучение, повышение заинтересованности в работе и творчестве. П. Друкер писал по этому поводу: «Самая большая проблема, стоящая перед менеджерами развитых стран, - необходимость повышения производительности труда работников, производящих знание и услуги. В повестке дня менеджеров в течение нескольких десятилетий на первом месте



будет стоять именно эта проблема. Степень конкурентоспособности любой компании будет зависеть исключительно от ее решения. И что еще более важно, успешность ее разрешения обусловит общественную структуру и уровень жизни во всех развитых странах». (2).

В проводимых исследованиях имеются попытки выявить преимущественно творческие, нерутинные задачи и показать, что их решение требует участия талантливых людей, деятельность которых нетрадиционна. Примерный сопоставительный перечень рутинных и творческих задач приводится в таблице 2.

Таблица 2.

Рутинные и творческие задачи

Преимущественно рутинные, многократно повторяющиеся операции	Преимущественно творческие, нерутинные задачи
Характер работы	
Действие Регламентированные операции Последовательность операций Многократное повторение Единственно верный путь Ориентированность на продукт Процесс постоянного преобразования Прогноз возможен Четкие цели Легкодоступная информация	Размышление Несформулированные пути решения Случайность алгоритма Неповторимость Множество решений Ориентированность на идею Множественные трансформации Прогноз крайне затруднителен Множество часто взаимоисключающих целей Труднодоступная информация
Характеристики успеха	
Большой объем выпуска Техническое совершенство Количественно измеряемая производительность Стандартизация информации Вещественная технология Узкая специализация Воспроизводство	Производительность и эффективность Личное совершенствование Продуктивность, не поддающаяся количественной оценке Нестандартизированная информация Технология на уровне знаний Широкая специализация Ориентированность на прибыль
Характер принимаемых решений	
Точная спецификация Правила применения Логические решения Полезный опыт Решения, навязываемые влиянием иерархии Власть, основанная на занимаемой должности	Частичная спецификация Правила безопасности Интуитивные решения Опыт, прямо не относящийся к принимаемому решению Консенсусные решения Власть, основанная на компетентности



Открытие новых направлений бизнеса или путей распространения информации – все это виды проявления творчества. Прямой доступ к информации, например, увеличивает скорость ее получения и переработки, а также повышает ее качество. Существенное значение имеет выявление всех возможных источников знаний и обеспечение доступа к ним. По мнению Б. Гейтса, компьютерные системы могут трансформировать все большее число творческих работников в менеджеров по знаниям путем улучшения информированности относительно выполняемых ими процессов. В результате совместного использования потенциала информационных технологий, творческого и инновационного потенциала людей в организации достигается синергетический эффект.

Таким образом, предпринимательство представляет собой сложный и многосторонний феномен, обладающий рядом признаков. Важнейшими из них являются: нацеленность на получение предпринимательского дохода, связь с организацией и управлением экономическими процессами, сопряженность с риском, инициативный и новаторский характер деятельности. Эти атрибутивные признаки «сопровождают» предпринимательскую деятельность на всем пути ее становления и развития. Важную роль в этой деятельности призвано сыграть творчество. Его суть состоит в поиске неординарных решений в самых различных областях. На уровне государства, необходимо развивать творческий потенциал нации, на уровне организации - работников предприятия.

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## КАЧЕСТВО ПРОЕКТА И ЕГО СТОИМОСТЬ

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### *Аннотация:*

*В настоящее время все большую популярность приобретает проектное управление, которое стало, по сути, современной концепцией менеджмента. Одним из важнейших параметров управления в проектном управлении является качество, оно отражает результат и цель проекта. Другими основными параметрами являются сроки, цена и ресурсы проекта. Тем не менее, к этому главному параметру проектного управления нет однозначного подхода и общепризнанной оценочной позиции. Целью данной работы является на основе имеющихся подходов формирование концепции качества, позволяющей всесторонне управлять данным параметром проекта.*

### *Ключевые слова:*

*проект, управление проектом, качество проекта, стоимость проекта.*

## **ВВЕДЕНИЕ**

В настоящее время многие организации, и не только крупные, начинают осуществлять проектное управление. Это связано с динамикой научно-технического прогресса, насыщением рынка, ужесточением конкуренции, преобладанием рыночного механизма и обновлением его инструментария. На протяжении последних десятилетий в мире в целом претерпевают изменение концепция проекта и его менеджмент. Выстроить же действенный, эффективный механизм управления проектами невозможно без осмысления и определения проекта как такового и основных его параметров.



## ТЕОРЕТИЧЕСКИЕ ПОДХОДЫ К ПОНИМАНИЮ КАЧЕСТВА ПРОЕКТА

### Понятие качества

В экономической литературе нет однозначного понимания категории «качество». По этому поводу вполне определенно, хотя и в шуточной форме высказался Дж. Харрингтон: «Качество - вещь забавная. Все о нем говорят, все с ним живут, и каждый думает, что знает, что это такое. Но лишь немногие придут к единому мнению об определении качества» [1]. Есть мнение, что в теоретическом аспекте категорию качества можно рассматривать как совокупность целого ряда факторов: системность, структурность, организованность и многое другое [2]. Такой подход позволяет, во-первых, рассматривая качество, не забывать о причинах его формирования, во-вторых, он выводит на понимание этих причин и результатов их следствий с системных позиций. Проблема качества прежде всего «нацелена на поиск национальных проектов, на возвращение их в рамки сегодняшней действительности, на создание российской модели качества» [2]. В контексте данного исследования весьма важным представляется соотнесение понятия качества именно с проектами.

По мнению Т.А. Салимовой [3], многообразии существующих трактовок категории «качество» можно свести к нескольким группам:

- 1) качество как абсолютная оценка;
- 2) качество как совокупность свойств;
- 3) качество как соответствие назначению;
- 4) качество как полнота удовлетворения запросов потребителя.

Добавим к этому и то, что исследователи систем как таковых полагают, что качество – результирующее, целевое понятие, его относят к результату, в то время как эффективность – процессное понятие, его относят к процессу, и оно отражает степень достижения целей. Представляется, что выделенные Т.А. Салимовой группы не вполне отражают категорию «качество» каждая в отдельности, и только в единстве ему соответствуют. Во-первых, качество, несомненно, оценочное понятие, которое можно охарактеризовать качественно и количественно. Во-вторых, любой процесс носит целевой характер и приводит к определенному результату, и если результат соответствует назначению (цели), то он отражает качество. В-третьих, этот результат кому-то нужен, следовательно, он удовлетворяет чьи-то запросы. И, наконец, в-четвертых, удовлетворение достигается через потребление в силу наличия у объекта потребления определенных свойств. В силу указанных обстоятельств представляется более полным определение качества, к тому же данное исследователями в интересующей нас области – управление проектами: «Качество – это целостная совокупность характеристик объекта, относящихся к его способности удовлетворять установленные



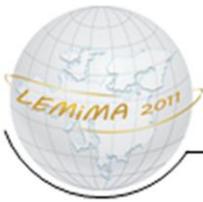
или предполагаемые потребности» [4]. В этом определении есть все составляющие качества – свойства, назначение, удовлетворение потребностей и оценка. Последняя дана в неявном виде, однако и характеристики, и удовлетворение установленным потребностям носят, несомненно, оценочный характер. Очень важным моментом является то, что «качество является одним из основных управляемых параметров проекта наряду с временем, стоимостью, ресурсами» [4]. По мнению К. Хелдмана, качество является третьей характеристикой успешно завершённого проекта, которая определяет, были ли оправданы ожидания инвесторов [5]. Если произведен не тот продукт или продукт плохого качества, то время и бюджет ничего не значат. Тернер полагает, что проект считают качественным, если полученный в результате продукт или результат проекта:

- соответствует спецификации (техническим условиям);
- соответствует назначению;
- отвечает требованиям клиента;
- удовлетворяет ожидания клиента [6].

Данное определение, по сути, не отличается от приведенного ранее, которое обозначено нами как наиболее полное и соответствующее исследуемому предмету – проектам. Требуется, однако, дать некоторые пояснения к выделенным Тернером требованиям (характеристикам) качества. Спецификация (технические условия) является специальным термином, связанным с проектами, и указывает на стандарты, применимые для всех проектов, осуществляемых данной организацией. Спецификация также может определять требования к срокам и стоимости проекта, необходимые для его жизнеспособности, а также задавать параметры для определения уровней сервиса, которым должен соответствовать продукт проекта. Относительно требований клиента Тернер имеет в виду мысленное представление клиентом своих требований, о том, что он думает. Наконец, выпускаемая продукция (проект, его результат) должны вызывать у клиента чувство удовлетворенности. Нужно стремиться к созданию продукта, который удовлетворяет и даже приятно удивляет клиента, но в то же время достигает целей проекта при сохранении оптимального соотношения цены и качества. Тернер приводит «правильное определение качества», которое широко признано: «осуществление задач проекта в соответствии с его назначением, то есть достижение желаемого результата» [6].

Некоторые авторы выделяют также четыре ключевых аспекта качества. Но эти аспекты касаются уже не общего, а особенного, они отражают качество проекта:

1) качество, обусловленное соответствием рыночным потребностям и ожиданиям. Этот аспект качества достигается благодаря эффективному определению и актуализации



потребностей и ожиданий потребителя в целях удовлетворения его требований и точному анализу возможностей рынка;

2) качество разработки и планирования проекта. Вторым аспектом является качество, достигаемое благодаря тщательной разработке самого проекта и его продукции;

3) качество выполнения работ по проекту в соответствии с плановой документацией. Третьим аспектом является качество, обеспечиваемое благодаря поддержанию соответствия реализации проекта его плану и обеспечению разработанных характеристик продукции проекта и самого проекта и произведенных ценностей для потребителей и других заинтересованных лиц;

4) качество материально-технического обеспечения проекта. Четвертым аспектом является качество, достигаемое благодаря материально-техническому обеспечению проекта на протяжении всего его жизненного цикла.

### **Эволюция концепций качества**

Проблема качества с позиций потребителя и производителя эволюционизировала от контроля качества продукции, работ, услуг (результатирующее понятие) до всеобщего менеджмента качества (TQM – total quality management) как системы, обеспечивающей достижение результата. TQM «означает в первую очередь постоянное повышение эффективности на всех уровнях и сферах стратегического управления и планирования путем создания условий для непрерывного улучшения за счет командной работы, укрепления доверия и последовательного систематического изучения стратегических процессов, применения количественных методов стратегического анализа и других аналитических и экспертных методик, а также накопления знаний и опыта в области совершенствования процессов стратегического управления и планирования» [2].

Проект – это и результат, и процесс, точнее даже, процесс, обеспечивающий результат. То же самое можно сказать и относительно TQM – эффективный процесс, приводящий к определенному качеству результата. В силу этого, на наш взгляд, необходимо различать качество управления проектом и качество проекта. По отношению к качеству управления проектом применим и, более того, необходим менеджмент качества проекта, потому что, только обеспечивая качественное управление, соблюдением принципов TQM, можно достигнуть предусмотренного, запланированного качества проекта, что и является результатом, продукцией проекта как процесса. Эти рассуждения можно считать критикой в отношении позиции авторов, которые выделяют менеджмент качества самого проекта и менеджмент качества продукции проекта [4]. Под менеджментом качества



проекта они понимают систему методов, средств и видов деятельности, направленных на выполнение требований ожиданий клиентов проекта к качеству самого проекта и его продукции [4]. Более привлекательной видится позиция К. Хелдмана, который вводит понятие «область управления качеством» и считает, что она предусматривает как управление качеством проекта, так и отдельные аспекты качества продукта или услуги, ради производства которых был предпринят проект [5].

Не ставя цель подробно рассмотреть концепцию TQM, отметим лишь те ее принципы, которые, являясь основополагающими для TQM, отражают качество проектного управления, приводящее к качеству проекта.

К основополагающим принципам можно отнести следующие:

- качество – неотъемлемый элемент проекта в целом (а не некая самостоятельная функция управления);
- качество – это то, что говорит потребитель, а не изготовитель;
- ответственность за качество должна быть адресной;
- для реального повышения качества нужны новые технологии;
- повысить качество можно только усилиями всех работников предприятия;
- контролировать процесс всегда эффективнее, чем результат (продукцию);
- политика в области качества должна быть частью общей политики предприятия [7].

Проект всегда имеет целевое назначение, достижение цели означает достижение определенного качества. «Факт состоит в том, что, в конечном счете, качество важнее всего остального, независимо от того, выражено оно в терминах эксплуатационных характеристик, производительности или конечного продукта... Кто вспомнит, что прошлогодний проект был выполнен с опозданием и превышением бюджета? Вся эта информация будет похоронена в прошлогодних финансовых отчетах. Именно качество и только качество – вот то, что пребудет с продуктом в течение всего его времени жизни» [7]. Итак, наша позиция относительно качества проекта сводится к тому, что качество мы рассматриваем как совокупность параметров результата.



## **УПРАВЛЕНИЕ КАЧЕСТВОМ ПРОЕКТА**

### **Структура правления качеством проекта**

Практически все исследователи структуру управления качеством проекта формируют из трех блоков: 1) планирование качества; 2) обеспечение качества; 3) контроль качества. Иногда название второго блока заменяют на «повышение качества». Принципиальной разницы нет, потому что обеспечить качество и повысить с целевой позиции одинаково. Планирование качества – «это процесс, который связан со стандартами качества относительно проекта и предусматривает составление плана для выполнения этих стандартов. Результатом этого процесса является план управления качеством. Он описывает, как управляющая команда проекта будет осуществлять политику поддержания качества на протяжении проекта» [5]. По сути, планирование качества – это «выявление требований к качеству проекта и продукции проекта, а также определение путей их удовлетворения» [4].

Обеспечение качества предполагает регулярную проверку хода реализации проекта в целях установления соответствия определенным ранее требованиям к качеству. Обеспечение качества происходит исходя из плана качества, документации по качеству, а также данных о качестве, полученных в результате контроля и испытаний. Контроль качества – это «отслеживание конкретных результатов деятельности по проекту в целях определения их соответствия стандартам и требованиям по качеству и определения путей устранения причин реальных и потенциальных несоответствий» [4].

Как видно, все эти блоки связаны и не разделены по времени, и, по сути, управление качеством функционально, с точки зрения менеджмента, есть контроль. Объясняется это тем, что установление стандартов есть предварительный контроль, обеспечение качества есть текущий контроль, а отслеживание конкретных результатов и принятие мер по устранению несоответствий – текущий, но в большей мере заключительный контроль.

### **Функциональные особенности экспертов по качеству проектов**

Эксперты по качеству относятся к числу ключевых участников проекта, так называемых стейкхолдеров. У каждого из ключевых участников проекта свои цели:

- у руководителей проекта – успешное выполнение проекта;
- у продавцов – подписание контракта;
- у экспертов по качеству – обеспечение качества проекта;



- у системного архитектора – внедрение нового решения.

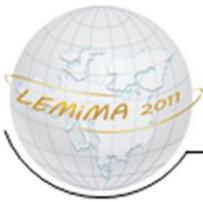
Как видно, только у эксперта по качеству цель непосредственно связана с качеством, а значит, с характеристиками того, что полностью удовлетворит потребителя проекта. Напомним, что эти характеристики связаны с продуктом, бюджетом, временем, следовательно, задачи качества разнообразны и касаются всего проектного процесса и всех его составляющих. Таким образом, цель должна трансформироваться в большой перечень задач. Более того, проект имеет достаточно жесткие границы жизненного цикла, поэтому и задачи имеют логическую последовательность.

Исходя из цели, задачи эксперта по качеству в процессах жизненного цикла проекта следующие:

- в области оценки: выявление потенциальных рисков проектов; оценка преимуществ решения<sup>4</sup> отработка условий контракта; согласование цены;
- в области планирования: выявление временных бюджетных рисков; контроль ресурсов;
- в области выполнения: отслеживание рисков; контроль планов управления рисками;
- в области завершения проекта: контроль приемки результатов; контроль высвобождения ресурсов; контроль удовлетворения заказчика.

Очевидно, что задачи эксперта по качеству переплетаются с задачами других ключевых участников проекта. Поэтому именно он способен консолидировать конфликтные цели и обеспечить достижение главной – предоставить заказчику проект в срок с необходимыми параметрами качества, полностью удовлетворяющего заказчика. Работа экспертов строится на основании принципов:

- полнота полномочий (позволяет эксперту по качеству провести проверку проекта в любой момент времени);
- принцип независимости от менеджмента организации (позволяет эксперту по качеству, не подчиняющемуся непосредственно руководству организации, высказывать независимые оценки и предложения).



## СТОИМОСТЬ КАЧЕСТВА ПРОЕКТА

### Подходы к определению стоимости качества проекта

Достижение качества предполагает определенные затраты – так называемую стоимость качества. Следует отметить, что однозначности, даже в подходах, к определению стоимости качества проекта нет. Анализ различных точек зрения показал, что можно выделить три подхода: 1) производственный (классический); 2) контрольный 2) институциональный. Два из них – производственный и институциональный – исходят из того, что качество – результат, и весь комплекс затрат на проект есть затраты на стоимость качество проекта. Контрольный подход исходит из того, что стоимость качества проекта определяется затратами на определение наличия качества. Производственный подход подразумевает определение стоимости качества проекта на основе составления классической сметы затрат. В соответствии с контрольным подходом со стоимостью качества связаны три вида затрат:

- затраты на предотвращение (связаны с предотвращением дефектов, устанавливаются на ранних этапах процесса, включают затраты на планирование качества, тренировку, разработку дизайна, выбор поставщиков, наймом работников);
- оценочные затраты (затраты на оценку результата со стандартами);
- дополнительные затраты (возникают при неблагоприятном развитии процесса. Подразделяются на внешние – имеют место, когда продукт уже у заказчика, который им не удовлетворен (включают затраты на обслуживание заказчика и возврат продукта), и внутренние – имеют место, когда требования заказчика не удовлетворены, но продукт еще не передан заказчик (включают отбраковку, переработку продукции, время простоя).

Стоимость брака – это основной источник для непрерывного совершенствования процесса [8]. Таким образом, наличие такой составляющей стоимости качества способствует инновационности. И затраты на инновационность – это вложение в будущее. «Даже если затраты на обеспечение качества фактически равны затратам на ремонт, устранение брака и претензий по гарантийным обязательствам, которые возникают при производстве некачественной продукции, достигается удовлетворение потребителя, что приводит к улучшению рыночной позиции производителя и увеличению прибыли» [8].



### **Трансакционные издержки проекта**

В соответствии с институциональным подходом стоимость качества проекта предполагает два вида затрат: технологические (трансформационные) и трансакционные. Технологические – это издержки по производству, транспортировке, хранению и другим видам обработки. По сути это – производственные издержки. Трансакционные – это издержки отношений участников проекта. По мнению Р. Коуза, даже при обеспечении сделки (транзакции) всеми необходимыми ресурсами, контракты сами по себе не выполняются. Для этого нужно приложить дополнительные усилия [9]. «Контрактные механизмы управления проектом имеют дело с трансакционными издержками, а технологические механизмы управления – с производственными издержками. При этом трансакционные издержки характеризуются временными показателями, а производственные – стоимостными» [10].

О.И. Уильямсон выделяет три основные группы факторов трансакционных издержек [11], которые в наложении на проектное управление выглядят следующим образом:

1. Ограниченная рациональность (неадекватность представлений и недостаточная осведомленность участников проекта), связанная с:

- недостаточным уровнем образования и бизнес-культуры;
- информационной недостаточностью;
- изменчивостью рыночной конъюнктуры;
- циклическим характером экономики.

2. Оппортунистическое поведение ключевых участников проекта (попытки в одностороннем порядке за счет других участников извлечь для себя определенные преимущества), связанное с:

- несовершенством законодательства;
- уровнем общей культуры и культуры бизнеса;
- низким уровнем доверия и взаимопонимания.

3. Специфичность активов (отсутствие взаимозаменяемости товара или участника), связанная с:

- отсутствием товаров либо участников как таковых;



- с их наличием на рынке, но и наличием монопольного положения какого-либо участника либо наличием определенной зависимости.

Главной причиной наличия трансакционных издержек институциональная экономика считает неопределенность. В проектном управлении неопределенность может являться следствием как недостаточной проработанности контракта, так и может возникнуть в процессе реализации проекта. Трансакционные издержки, несомненно, увеличивают стоимость проекта и соответственно стоимость качества проекта. Однако важны не только и не столько размер трансакционных издержек, сколько их наличие и содержание. Трансакционные издержки – это отражение контрактных взаимоотношений участников проекта, которые по мере развития проектного управления постоянно совершенствуются, становятся все более цивилизованными. Трансакционные издержки в проекте должны быть, и они вовсе не должны минимизироваться с точки зрения проектного управления, но они должны способствовать обеспечению качества проекта.

## **ЗАКЛЮЧЕНИЕ**

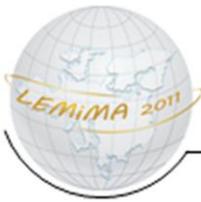
Проект - уникальное явление, требующее особых управленческих операций и методов. Его основные характеристики – время, стоимость, качество. Качество – это результат, то, что удовлетворяет заказчика и ради чего осуществлен проект. Стоимость качества проекта – это стоимость его свершения.

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## **SPECIFICITIES IN TEACHING RUSSIAN BUSINESS LANGUAGE IN SERBIAN ENVIRONMENT**

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### ***Abstract:***

*The language of the profession is gaining in importance. Numerous professional and scientific publications dedicated solely to the problems of the individuality of the professional language appeared. This paper discusses the main features of teaching foreign language in function of profession, primarily of Russian business language, and the requirements this teaching put on teachers. Unlike the so-called teaching foreign language in general, teaching professional foreign language is carried out mostly with adults, students, and employees.*

### ***Keywords:***

*business language, Russian as a foreign language, Russian business language, business terminology*

## **INTRODUCTION**

Languages are an important factor and a means of interpersonal communication. Knowing languages opens the door to all areas of human creation. It is quite clear that the world's leading languages are essential bond that brings together and connects the humanity in his quest for further scientific, cultural, technological, spiritual progress, and knowing languages is necessary as the knowledge of the mother language. This does not mean that the study of other languages should be omitted.

The term "business language includes technical vocabulary and its functioning in spoken and written language, which is used in the field of economics, management, marketing, business, and international economic law, as well as the business documents which includes business correspondence.

## **TEACHING PROFESSIONAL LANGUAGE**

The research of problems of professional language teaching can be classified as a current problem of the overall educational and pedagogical process at non-philology universities.



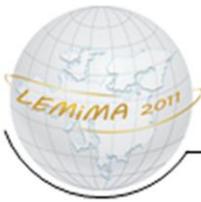
Increased interest in learning foreign language engage and draws the attention of specialists of different profiles - linguists, linguist-methodists, foreign language teachers, experts of particular scientific disciplines, business peopled and others. (Raicevic, 1998, 199).

Orientation of teaching at non-philology universities is on the language of the profession and it is in the function of the profession. However, many issues as access to programming and setting objectives, and in the practical realization of tasks and curriculum content are still insufficiently resolved. The language teaching profession should pay attention to the following elements:

1. Coordination of professional language teaching and teaching vocational subjects;
2. Compliance of subject matter and language content with vocational subjects;
3. Ways and sources of selecting texts and their usefulness, relevancy, availability, diversity;
4. Written and oral expression;
5. Reading professional literature;
6. Active and passive language proficiency.

In Lalić's conception of teaching as a system (Professor Radovan Lalic's article on teaching Russian language at universities and high schools, published in the „University Gazette“, November 25, 1948), with an emphasis on teaching Russian language at non-philology universities, following positions are present:

1. Teaching can be performed only by skilled teachers whose qualifications isn't based only on linguistic competence but on philological education and affirmation in teaching practices too;
2. „It is important that teachers, in addition to general knowledge that they must provide to their audience, perform practical exercises on materials in certain professions to help students learn about language and terminology in the areas of science they studying“;
3. Teaching must be carried out in a uniform and organized way, i.e. Russian language „should be teach according to a specific and precise curriculum“;



4. Exchange of experiences and opinions among teachers of Russian language at non-philological universities is necessary, which can be made at meetings or conferences;
5. It is necessary to form a joint management to coordinate, to be charged for improving the program that exists, and „on its practical implementation in all faculties in accordance with the needs of those professions where the foreign language teaching is occurring“. (Slavić, Stanković 1988, 604.)

Motivation is one of the most important factors affecting the learning of languages in addition to general intellectual and language abilities, opportunities for learning and teaching methods. Given that the teaching profession language is adapted to the needs of students in connection with the performance of their future or current profession, the sources of motivation and its divisions can vary in relation to learning language in general. The first obvious thing is the fact the expectation that the instrumental motivation is present.

## **SELECTION OF VOCABULARY IN TEACHING PROFESSIONAL FOREIGN LANGUAGE**

A complete description of the language essentially means the unity of vocabulary and grammar. Therefore, each language learning means mastering the vocabulary and rules based on which the entirety is organized.

The choice of words methodologists often considered as the central question of teaching foreign languages methods. Teaching methods teaches us that mastery of a foreign language vocabulary primarily means:

1. Memorizing the forms and minimum of lexical units anticipated by an appropriate program;
2. Ability to use them in various types of language activities, both productive (speaking, writing) and receptive (listening, reading) (Radic-Dugonjić, 2004, 255).

These are general rules, but the adoption of each individual taken language has its own specifics, including the adoption of the Russian language in the Serbian community. As one of the difficulties may be, in quantitative terms, a rich vocabulary, the development of different types of ambiguity (polysemy) of lexical units, as well as differences in meaning of the Russian language in relation to maternal language of the students.



In the organization of teaching foreign language at universities, it is very important to restrict the lexical material in accordance with the objectives of teaching and curriculum. The choice of vocabulary is associated with the content of teaching Russian as a first or second foreign language, and in connection with what is the main goal of learning a foreign language. When studying the Russian language (at non-philology oriented faculty in management, economics, organization, or business Russian language courses) as a second language, the main goal is to master business communication through the main areas that should suit a wide range of future business leaders that need to include a contact with foreign partners (dating, business negotiations, phone calls), the presentation of the company, negotiating, contracting, business correspondence, foreign trade documentation, marketing, finance, banking, taking into account the customs and traditions of each side of the business relationships (Belokapić-Škunca, 1998, 520).

A person who teaches the language encounter problems in understanding the meaning of foreign words, finding the true meaning of ambiguous words in given text, compatibility of certain words with other words. The source of the problem is learning a Slavic language in the other Slavic areas, such as the study of Russian language in similar Serbian environment because it is different from learning other (non-Slavic) language.

## **TEACHING RUSSIAN BUSINESS LANGUAGE**

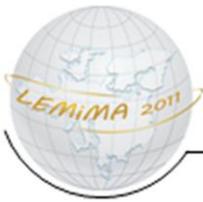
How to resolve problems in teaching the Russian business language in practice, Russian business language textbook 1-2 by Vera Bjelokapić-Škunca, will serve as an example.

The author of this textbook assumes that users possess basic knowledge of Russian language. The scope of the textbook corresponds to one-year teaching Russian language, as the author himself states in his preface. The textbook is made with respect to recommendations passed by the Council of Europe.

Its goal, according to the authors, is to enable students to master the spoken Russian language, and gradually to introduce students to the business terminology and formal style of expression.

The textbook contains a good appendix with a variety of information and texts for independent reading, such as: „European countries and their cities“, „Российская Федерация“, „Прибыль и честность признали несовместимыми“, „Сколько платят топ-менеджерам“ and other topics.

The text in the textbook for foreign language teaching is used as a source of information, both linguistic and non-linguistic nature. The textbook as a whole is intended to motivate reading, develop the ability to recognize and reproducing professional information. Professional text should reflect the scientific field and professional disciplines which are taught in their studies, to have an informative character, i.e. that the need for acquiring the linguistic material is the primary one, to inspire and motivate with its currency to read.



Experience has shown increased interest by students in those texts having something new current and attractive in their content. However, the text in the textbook has to enable the expansion of vocabulary, especially rich technical terms, to provide the syntactic structures typical of scientific literature, to present grammatical categories by the principle "from easier to harder." Meanings of the terms are presented in each lesson. Explanations usually relate to the lexical units that represent the difficulty in adopting, as well as the most frequent terms with special reference to synonyms, homonyms, and interlanguage homonyms.

In the initial stage of learning it is necessary to learn and later independently use terms such as: *товар, производство, производительность, рынок, заказ, ведение переговоров, импорт, экспорт, покупатель, продукты, бухгалтер, инженер, менеджмент, топ-менедеры, услуги, экономика, рыночная экономика, зарплата, банк.*

In recent years, due to changes in the economic system in RF and Serbia, coupled with the market economy, there is an obvious change in the process of lexical system in both languages, so that language may meet the requirements of a new period in the development of economic, trade, business and other relations. New terminologies have entered in business language, and some have lost their actuality, because the realism and notions these terms mean disappeared.

Examples: new terms appear - конкуренция, лизинг, ликвидность, лицензия, маркетинг; the term рыночная экономика is current these days instead of директивная экономика. Some terms used to have bad connotation – бизнес, менеджмент, предприниматель, рынок труда, частная собственность, рыночная конкуренция, but that was lost with the changes of economic system.

While explaining students the technical terms and their equivalents in Serbian, it is necessary to pay attention to the most frequent terms with special reference to synonyms, homonyms, and interlanguage homonyms. As, for example, the term экономика, which we translate into Serbian as an economy, and the term экономия we translates as savings; предложение in the common language means sentence, and in economic terminology means bids; *счетоводство-часть бухгалтерского учета*, and in Serbian means opposite - bookkeeping is a part of accounting.

## RESUME

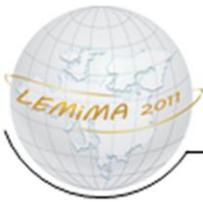
Russian and Serbian are two similar languages because they belong to the same linguistic family - Slavic. They have many similarities, but differences too. Russian business language with its terminology is a layer of literary Russian. Aims and objectives of the Russian business language is that students, depending on the achieved level, learn the business terminology that can be used in everyday language as well as in professional communication, reading, and translation of technical literature, periodicals, and press, as well as to meet with business correspondence and documentation in Russian. Bearing in mind the development of information



technology, business language teaching should include training users for independent usage of Internet resources in Russian language.

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## SOME ISSUES OF INTELLECTUAL PROPERTY RIGHTS REFORM IN BOSNIA AND HERZEGOVINA

Alija Ismet

### **Abstract:**

*Legislation in the field of Intellectual Property of Bosnia and Herzegovina (the area of patents, trademarks, industrial designs, geographical origin marks, topographies of integrated circuits, copyright and related rights and collective management of copyright and related rights) came into force on 7 July, or 11 August 2011th year. The main goal is to be achieved by this law is to harmonize national legislation with WTO<sup>65</sup> requirements and EU<sup>66</sup> and strengthening the legal protection granted to the holders of those laws that are so firmly integrated into the international community and become a full member of WTO. The period of few months is short for any thorough analysis of application of the above Act, and the lack of this article consists in the fact that the author was not able in the given explanations and instructions to take into account the issues and dilemmas that will soon open court practice. Also, this is not intended in this paper a comprehensive scientific expertise and comparative analysis of new laws. Such work will be imminent when passed some time in implementing the new law. This paper aims to answer three questions: 1) the reasons for passing the law, 2) the constitutional and legal basis for making laws and 3) the conformity of laws with European practice.*

### **Keywords:**

*Intellectual Property, Copyright and Related Rights Act, the European Union*

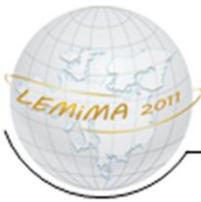
### **REASONS FOR ADOPTION OF LAW**

So far, the area of intellectual property protection in Bosnia and Herzegovina was governed by omnibus legislation, the Law on Industrial Property in Bosnia and Herzegovina ("Official Gazette of BiH", no, 3 / 02 i29/02), and the Law on Copyright and Related Rights Bosnia and Herzegovina ("Official Gazette" br.07/02. These laws do not fully comply with all the required standards of protection of various intellectual property rights, which are accepted by the countries of the EU and WTO. It was decided that instead of omnibus legislation creating a whole set of laws that would outline in detail, in accordance with modern international standards, regulating the different areas of intellectual property (the area of patents, trademarks,

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<sup>65</sup> WTO-World Trade Organization

<sup>66</sup> EU-European Union



industrial designs, geographical origin marks, and topographies of integrated circuits, copyright and related rights and collective management of copyright and related rights). In this respect the provisions of the Act are compatible with the basic legal institutes and the standards of EU and WTO. The signing of the Stabilisation and Association Agreement with EU 16.06.2008. and the efforts of Bosnia and Herzegovina to start all processes on the path towards full EU membership, adoption of the so-called, *Acquis communautaire*<sup>67</sup> has become a liability. In addition, one of the areas that today are paying the most attention in the developed countries of Europe and the world is precisely the area of intellectual property rights. It is clearly visible in the number of EEC<sup>68</sup>, and later the EU, which have already started to make since 1991 year onwards, as well as international agreements within the WTO and WIPO<sup>69</sup>. The level of protection that these laws today provide holders of intellectual property rights should be appropriately incorporated in the legislation of Bosnia and Herzegovina, as this would meet all the commitments in this regard and enable the state to smoothly move forward on the path of development.

The main goal is to be achieved by this law is to harmonize national legislation with WTO requirements and the EU and strengthening the legal protection granted to the holders of patent, trademark, industrial design, geographical indication of origin, topography of integrated circuits, copyright and related rights and collective management copyright and related rights through the refinement of certain provisions that have caused dilemmas in practice and different interpretations. In addition, the decision of the Patent Act Trademark Act, industrial designs, geographical designation of origin, topography of integrated circuits, copyright and related rights and collective copyright and related rights are the result of checking the practice of certain institutes previous laws relating to protection of patent, trademark, industrial design, geographical indication of origin, topography of integrated circuits, copyright and related rights and collective management of copyright and related rights.

In making the decision is guided by the decisions contained in the Croatian legislation, Serbia, USA, UK, Germany, Sweden, Hungary, Switzerland, Romania, Bulgaria, Slovenia, the Czech Republic and Macedonia, as well as the recommendations of the World Intellectual Property Organization.

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<sup>67</sup> *Acquis communautaire* (French *acquis communautaire*), a name that refers to the overall accumulated so far right of the European Union, or to a set of legal norms and decisions that bind all member countries within the European Union. Each country wishing to accede to the EU must accept the Treaties and other content derived from treaties and harmonize its legislation with the *acquis communautaire*. By signing the Stabilization and Association Bosnia and Herzegovina has assumed responsibility to adapt its legislation with the *acquis*.

<sup>68</sup> EEC-European Economic Community

<sup>69</sup> WIPO- World Intellectual Property Organization



**The novelty of the Patent Act** is the ability of the applicant to require the patent, and enforcement of the substantive examination of a patent application or submitted on the basis of accepted results of substantive examination of a patent application, or delay in carrying out the substantive examination of the application and granting of a consensual patent.

In accordance with the EPC<sup>70</sup> and the EU practice, was introduced in detail in the Institute of proceeding and the restoration of rights where the applicant or patent owner, or consensual within the patent fails to perform any act which is a direct consequence of loss of rights under a patent application or patent, or consensual patent.

**In addition, the decision of the Law on Trademarks** is the result of checking the practice of certain institute's applicable laws relating to the protection of trademarks. The main goal is to be achieved by this law is to harmonize national legislation with WTO requirements and EU, and strengthening the legal protection granted to the holder of a trademark through the refinement of certain provisions that have caused dilemmas in practice and different interpretations.

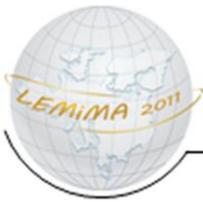
Besides the fact that brings a special law that governs the protection of trademarks, the main novelty in comparison to the old law is the introduction of an objection (opposition), which resulted in the systematization of law, and certain procedural provisions. It is estimated that the system of complaints with the investigation ex officio only absolute grounds for refusal of a trademark application to speed up the process of solving filed trademark applications, and relative grounds for refusal to surrender to the interested persons or holders of senior rights, this time taking into account the capabilities of the Institute for Intellectual Property of Bosnia and Herzegovina. Moreover, such a system prevails in most EU countries, and was prescribed and the Regulation of EU trademark.

**Industrial Design Act**, unlike the earlier legislation, contains detailed provisions on the international registration of industrial designs, the procedure of registration changes, transfer, license, pledge, and the provisions on the Institute who led the proposal for a declaration of nullity of industrial design. The precise relationship is regulated through the design of protection of industrial designs, as well as industrial property rights, and by copyright law, when the design is copyrighted.

**The big news in the Law on the label of geographic origin** represents the introduction of an objection (opposition) in the process of testing applications for the establishment of a mark and name origin. Detail the procedure for registration of a mark and name origin. Otherwise regulate the ratio of registered marks and names of geographical origin of the previously registered trademark or a company.

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<sup>70</sup> EPC - European Patent Convention



We fully implemented the relevant provisions of the TRIPS<sup>71</sup> Agreement relating to the protection of geographical indications, enhanced protection from unfair competition, introduced the first inspection and administrative measures and border measures, provisional measures and measures to preserve evidence, and taking collateral.

It allows for the protection of traditional, historical and homonymous names and prescribes the procedure for international registration of names of origin and geographical indication.

There was a legal venue to determine the generic designations of origin and geographical indications expanded the circle of persons who have active legitimating for filing a complaint for violation of a mark or name, origin, and introduced a measure of seizing goods and articles infringing the registered geographical indication or the registered name of origin.

**Law on the topography of integrated circuits** the legal system of BiH in the field of intellectual property more approaching the European legal system protecting intellectual property rights, which results in fulfilling the necessary conditions for the integration of BiH into a single system of intellectual property rights of the EU. By adopting the law and the protection of topographies of integrated circuits in BiH must achieve the required degree of compliance with EU Council Directive No. 1987/54/EEZ of 16 December 1986. The legal protection of topographies of integrated circuits. In the process of stabilization and association process, as prescribed in Article 71 Agreement on Stabilization and Association Agreement, Bosnia and Herzegovina must guarantee a level of protection of intellectual property similar to the level that exists in the EU, and thus to harmonize regulations in the field of protection of topographies of integrated circuits.

**The main objective of the new Law on Copyright and Related Rights** was to achieve full compliance of the regulations of Bosnia and Herzegovina with the EU legal order and, simultaneously, and with relevant international conventions and treaties (egg, Barnstorm, Rome, Brussels Convention, the TRIPS-ohm, Contract WIPO Copyright (WCT), WIPO Treaty on the performers and Phonograms Treaty (WPPT). In addition to this main task, attempts at the same time, the new law is nomotechnical and more at the level copyright legal regulations of other developed countries, given However, respect and maintain a certain measure of common linguistic and stylistic modes of regulation that have been applied in other domestic law.

In the previous Law on Copyright and Related Rights in Bosnia and Herzegovina (ZAPSP/2002.) Matters of collective management of copyright and related rights were decorated in a particularly satisfactory way. On this important issue of law have only ten members, if we add all the members of the chapters of which, at least by name, governing the exercise of rights. Of course, that these poor regulation of a large part of the collective

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<sup>71</sup> Agreement on Trade-Related Aspects of Intellectual Property Rights



management of rights issues remained open, and, thus, is one of the intentions of the enactment of new laws to fill the legislative gaps in this area.

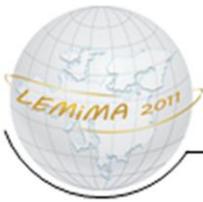
## CONSTITUTIONAL AND LEGAL BASIS FOR THE LAW

The constitutional basis is contained in Article III, item 5 by which Bosnia and Herzegovina is authorized to assume jurisdiction when it is necessary for the preservation of sovereignty and international personality of Bosnia and Herzegovina.

- **Law on Foreign Trade Policy of BiH** ("Official Gazette" no. 7 / 98 and 35/04) Article 30 (2) of the Act it was found that aspects of intellectual property rights relating to foreign trade under the jurisdiction of the institutions of Bosnia and Herzegovina. The term "aspects of intellectual property rights concerning foreign trade" refers to ensuring adequate standards and principles concerning the availability, scope and use of intellectual property rights relating to foreign trade, as well as ensuring effective and appropriate means to implement intellectual property rights in accordance with obligations under trade agreements with Bosnia and Herzegovina is one of the parties.

- **Law on the Establishment of the Institute for Intellectual Property of Bosnia and Herzegovina** ("Official Gazette" No. 43/04) Article 1 Act was established to establish the Institute for Intellectual Property of Bosnia and Herzegovina as an independent state administrative organization, and to regulate his position, responsibilities and powers, as well as other issues of importance to the organization, functioning and work of the Institute. Article 7 paragraph (1) point a) of the Act provided that the Institute for Intellectual Property of Bosnia and Herzegovina in the field of industrial property responsible for conducting administrative proceedings for the acquisition, maintenance, transport and termination of the patent rights, trademarks and service mark, industrial designs, geographical tag and the topography of integrated circuits, in accordance with international conventions, treaties and agreements acceded to, or ratified by Bosnia and Herzegovina, and the laws and regulations governing this matter.

Article 7 (1) of the Act is determined that the Institute for Intellectual Property of Bosnia and Herzegovina shall be competent to perform professional and administrative activities in the field of copyright and related rights. In the TAC. bb) of the Act was found to be in the field of copyright and related rights of the Institute responsible for conducting administrative and technical tasks relating to the rights of authors in works of literature, science and art, performers' rights, rights of producers of phonograms, the rights of broadcasting organizations , manufacturer video grams and databases, in accordance with international conventions, treaties and agreements acceded to, or ratified by Bosnia and Herzegovina, and the laws and regulations



governing this matter. The same article showed that the Institute is responsible for supervising the work of the association for the collective management of copyright and related rights.

In the same article, paragraph (1) point cc) of the Act showed that jobs in the field of intellectual property include the preparation of bilateral and multilateral agreements, conventions, arrangements, laws and regulations concerning intellectual property.

## LAW COMPLIANCE WITH EUROPEAN LEGISLATION

**Patent Act** has been prepared in accordance with the practice of legal systems in EU countries and the Uniform Rules for the drafting of legal regulations in BiH institutions. The Act is compliant with the WTO, Agreement on Trade Aspects of Intellectual Property Rights (TRIPS) and with the acquis:

-Regulation (EC) No 1768/92 of the European Parliament and the Council of 18 June 1992., which refers to the introduction of supplementary protection certificates for medicinal products intended for humans or animals, as supplemented,

-Regulation (EC) No 1610/96 of the European Parliament and the Council of 23 July 1996., which refers to the introduction of supplementary protection certificates for plant protection products, as supplemented,

-Directive (EU) No. 44/98 of the European Parliament and the Council of 6 July 1998., the legal protection of biotechnological inventions,

- Regulation (EC) No 816/06 of the European Parliament and the Council of 17 May 2006. the forced licensing of patents relating to the manufacture of pharmaceutical products for export to countries with problems of public health,

-The European Patent Convention in 1973. year, as amended, the implementing regulations, and with international conventions in the field of patents, which is a member of Bosnia and Herzegovina (the Paris Convention for the Protection of Industrial Property, the Agreement on Cooperation in the field of patents (PCT), Budapest Treaty on the International Recognition of the Deposit of Microorganisms Patent for the process) and with the Treaty on Patent Law (Patent Law Treaty), which intends to access.

**Trademark Act** has been prepared in accordance with the practice of legal systems in EU countries and the Uniform Rules for the drafting of legal regulations in BiH institutions. The Act is compliant with the WTO, Agreement on Legal Trade Aspects of Intellectual Property Rights (TRIPS) and with the acquis:  
→ solutions prescribed by the WTO to its members on the Agreement on Trade-Related Aspects of Intellectual Property Rights-TRIPS), which entered into force on 01.01.1995.year,



→ European Union Council Directive No. 89/104/EEC, on the harmonization of the laws of the Member States in terms of marks, from 21.12.1988. year,

-European Union Council Regulation on the European Union's trademark No. 40/94 of 20.12.1993.→ year,

-European Union Council Regulation No. 422/2004 of 19.02.2004.→ year, amending Decree No. 40/94 on the trademark of the European Union,

- Paris Convention for the Protection of Industrial Property,→

Singapore Treaty on the Trademark Law (Singapore Trademark Law Treaty) of 27.3.2006.→ Year,

- Agreement on the Trademark Law (Trademark Law Treaty) in 1994.→ year (hereinafter: the Agreement

on Trademark Law),

→ Madrid Agreement concerning the International Registration of Marks, Protocol to the Madrid Agreement concerning the International Registration of Marks and

- Joint Resolution of the World Organisation for Intellectual Property Protection Judicial Character of 1999.→ year (hereinafter Joint Resolution WIPO).

When reviewing basic institutes of law relating to industrial design is guided by the following legal achievements of the European Union:

- Directive No. 98/71/EC of the European Parliament and the Council of Ministers of 13→ October 1998.

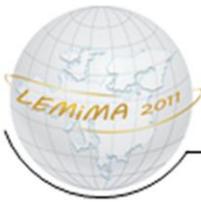
year on the legal protection of designs (hereinafter: the EU Directive),

-Council of Ministers Decree No. 6 / 2002 of 12→ December 2001. The design of the communitarian (hereinafter: EU Regulation on the communitarian design),

- Regulation EC No 2245/2002 of 21→ October 2002. The purpose of implementing the EU Council Regulation No. 6 / 2002 on the communitarian design,

- Council of Ministers Decision No. 2006/954/EC of 18→ December 2006. The certifying join the Geneva Act of the Hague Agreement Concerning the International Registration industrial design of the European Union, adopted at Geneva on 2nd July 1999.

In addition, the law is in conformity with the solutions that the World Trade Organization to its members prescribed by the Agreement on Trade-Related Aspects of Intellectual Property Rights and the Geneva Act of the Hague Agreement Concerning the International Registration of Industrial Designs adopted at a diplomatic conference second July 1999. year, which was ratified by Bosnia and Herzegovina (entered into force in BiH 27.12.2008).



When reviewing the previous law that govern the **protection of geographical origin tags** proponent is primarily managed solutions that represent an obligation on the basis of  
→ TRIPS Agreement, as well as the solutions of the EU Directive on the enforcement of the Council Regulation (EC) No 510/2006 of 20 March 2006. year relating to the protection of geographical indications and designations of origin for agricultural products and foodstuffs.

→ Special attention is given to defining the basic concepts (designations of origin, geographical designation, name of origin), in accordance with relevant international agreements, which derive from different conditions, how to acquire and scope of rights.

The big news is the introduction of an objection (opposition) in the process of testing applications for the establishment of a mark and name origin. Detail the procedure for registration of a mark and name origin. Otherwise regulate the ratio of registered marks and names of geographical origin of the previously registered trademark or a company.

We fully implemented the relevant provisions of the TRIPS Agreement relating to the protection of geographical indications, enhanced protection from unfair competition, introduced the first inspection and administrative measures and border measures, provisional measures and measures to preserve evidence, and taking collateral.

→ It allows for the protection of traditional, historical and homonymous names and prescribes the procedure for international registration of names of origin and geographical indication.

→ There was a legal venue to determine the generic designations of origin and geographical indications, expanded the circle of persons who have an active legitimating for filing a complaint for violation of a mark or name, origin, and introduced a measure of seizing goods and articles infringing the registered geographical indication or the registered name of origin. → The development of solutions were used with the relevant international conventions, EU regulations, Serbia, Portugal, Spain, Italy, Switzerland, France, Czech Republic, Hungary, Bulgaria and recommendations of the World Intellectual Property Organization. Regulations in the field of protection of topographies of integrated circuits, are in accordance with the regulations in the European Union regulated following legal instruments:

-Council Directive 87/54/EEC on the legal protection of topographies of semiconductor products,→

- Directive 2004/48/EC of the European Parliament and the Council on the implementation of intellectual property rights.→

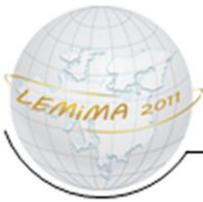
**Law on Copyright and Related Rights and the Law on collective management of copyright and related rights** is made in accordance with the practice of the legal systems of EU countries and the common rules for the drafting of legal regulations in BiH institutions. The Act is compliant with the *acquis* and the requirements of TRIPS. Conclusion:



The adoption of new laws on intellectual property (area of patents, trademarks, industrial designs, marks the geographical origin, topography of integrated circuits, copyright and related rights and collective copyright and related rights), which recently force on the territory of Bosnia and Herzegovina have already become very topical in our society and are the subject of discussion in many scientific and technical meetings. Among them is generally the dominant question is whether the enactment of new laws was accomplished by aspiration of Bosnia and Herzegovina to the closer integration into the international community and that you have created the conditions for joining the WTO, and whether it fulfilled the formal harmonization of domestic political conditions regulations in the field of intellectual property protection with European Union regulations and the Agreement on Trade Related Aspects of Intellectual Property Rights. My personal opinion which is based on the facts above is that: Bosnia and Herzegovina is making the above-mentioned laws on intellectual property rights to fully fulfill the requirements demanded of it, the EU and TRIPS, and thus produce clear prerequisites for membership in the WTO.

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## MACROECONOMIC ASPECTS OF KNOWLEDGE-BASED DEVELOPMENT

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### **Abstract:**

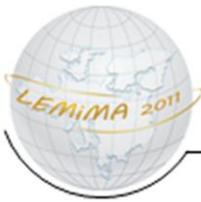
*This document analyzes the importance of technical progress in the modern economic development. As the operationalization knowledge, technical progress is represented in its exogenous and endogenous form. It is particularly emphasized its crucial role in providing long-term sustainable development. Sources of endogenous technological progress (investments in education, science, research and development, numerous innovations) are then discussed. The importance of research activities (R & D) in the creation of new technologies along with problems of externalities, financial resources, and appropriate institutional arrangements is emphasized. Considerations of technology/economy ratio are presented in a modern economy, from the perspective of globalization and growing competition.*

### **Keywords:**

*knowledge, innovations, technical progress, sustainable economic development, globalization*

## **INTRODUCTION**

The process of economic development is an extremely complex phenomenon and is the result of many economic and non-economic factors. Their relevance, influence, and ways of expression are very different, which certainly determines the complexity of studying the development of components, their interactions, and finite effects. Starting from the existence of the degree of measurability of three groups of factors that determine economic growth, it is simplest to determine the impact of measurable sources of growth, such as employment (work) and capital, i.e. the production factors. It is more difficult to examine accurately the effects, directions, and intensity of directly measurable factors including development of science and technology, education, organizational and managerial innovations, innovation of economic environment, etc. At the end, a third factor type represents the effects of socio-economic system as the widest framework of action of the cited factors.



Regardless of the complexity of the growth process, it is possible to reach reliable estimates of the importance of mechanisms and sources of growth, using modern economic theory, quantitative methods, and empirical measurements. In line with this, both at the level of the economy as a whole, and at the levels and branches of the companies, the idea of knowledge and information as the most important determinants of progress and business success are confirmed. Under these growth factors, the technical progress is considered as the most powerful long-term source, which represents a proven proposition of economic theory and empirical analysis. Namely, regardless of the level of aggregation of developmental processes, the most important element in the long term is one related to the ability of the system to realize by an increasing quantity or value of production on the basis of given resources. One can say this is a standard definition of technical progress, as representative of the relation between consumption and results.

### **TECHNICAL PROGRESS AND ECONOMIC GROWTH**

Turning to technical progress as the strongest source of growth in the long run is conditioned by previously adopted and often proved theoretical and empirical results. Its introduction into the economic analysis is presented in one of the models of R. Solow (Solow, R., 1957) through the instrument of production functions where three growth rate sources appear:

- Population growth (employment)
- Capital Accumulation
- Technical progress

Long before Solow, the knowledge, and application of new technologies (Schumpeter, JA, 1936) were determined as long-term permanent growth sources, established based on quite different paradigmatic approaches.

Based on the Solow's model (i.e., expansion of production function), it was concluded that the increase in production can provide the same amount of work (employment) and capital (equipment), since a new variable that describes the state of technology introduces into production function. Namely, originally conceived aggregate production function whose arguments are capital stock of and number of employees has a new variable in terms of exogenous technical progress.



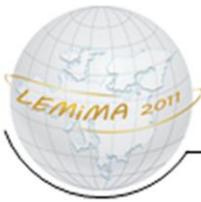
With the positive effect of increasing two production factors, economic theory postulates two propositions. The first relates to the diminishing marginal products of factors, labor, and capital (with the constancy of one of the factors). The second establishes yields on production volume, when production factors proportionally increase, which may be constant, increasing, and decreasing.

Since long-term growth of GDP (gross domestic product) is generated by three sources of growth, capital accumulation, population growth, and technical progress, the question of their relative importance naturally raises. Because of diminishing marginal productivity of capital, its growth cannot provide long-term sustainable development. Population growth can lead to empirically recorded growth, but the logical question is whether in this way can achieve widespread continual rise in living standards. Consequently, these developments suggest the existence of a third important factor - technical progress. Determining the role of technical progress is only indirectly and it is difficult to give precise estimates. We could also say that there is no generally accepted opinion that most great discoveries failed to raise the standard and well-being of the population. All this shows the complexity of this area.

In these investigations, measurable sizes are the GDP growth, capital accumulation, and spent hours of work in the production function. Subtracting the total factor productivity of the established GDP growth, we get so-called Solow residual, which represents the effects of exogenous technical progress. It is evident that its impact depends on the contribution of the factors, which in addition to its growth and participation is determined by factors in the functional distribution of income. Decomposition of the growth in terms of the Solow model in international analysis of developed countries (France, Germany, Netherlands, United Kingdom, Japan, and the United States) shows that in the period 1913-1987, increasing in labor and capital growth part of the  $1/2$  to  $2/3$  was explained. The numerical remainder is the result of technical progress (Burda, M., Vploš, Č., 2004), except that from the nineties dominance of technical progress in the development of developed economies rapidly accelerate.

## **ENDOGENOUS CHARACTER OF TECHNICAL PROGRESS**

In recent theory and empirical analysis of the results is the essence of the creation and implementation of technical progress. Accordingly, it is emphasized that the determinants of technological progress: investments in education and science (particular importance has the set of a large studies, i.e. knowledge), research and development (R & D), representing a powerful economic activity not characterized by diminishing returns, and large number of small and large discoveries (innovations). It is clear that if this method considers technical progress, economic growth becomes endogenous size.



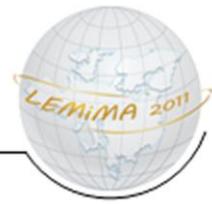
Technical progress as the main driver of long-term sustainable development represents one of the central issues in theory development, as well as in empirical researches. Particularly interesting is the question of a potential source of yield non-decreasing technical progress. These trends are examined analytically through changes in the arguments of the production function. The first modification relates to the inhomogeneity factors of work. Human capital is completed with the level of education, formal and acquired at work, and its duration is linked to improvements in living conditions and health care. Second, capital in production function is also not a homogeneous variable but it is decomposed and increased by incorporating new technologies. As a result of expensive researches, its implementation requires a solution of the way in which knowledge becomes the common good (this issue will be discussed later).

In terms of human capital as a very important factor, it should be noted that investments in order to obtain higher qualifications are investments. In fact, more educated and more productive work increases productivity of the second factor. Knowledge accumulation and raising productivity of the second factor often lead to significant externalities, and the question of state investment in education rises. Similarly, the issue of investing in the broader defined capital (public infrastructure) requires state involvement in funding.

## **TECHNICAL PROGRESS, NEW KNOWLEDGE, AND INNOVATIONS**

Technical progress occurs based on new inventions (creating new knowledge) and based on innovation, i.e. implementation of new knowledge in manufacturing techniques. In a certain period, each company has a fund (stock) of technical knowledge to determine possible ways of producing goods. It is known that great inventions lead to mighty increasing of technological knowledge and revolutionary changes in production processes. New knowledge, as a rule, are realized by investing in new machinery and equipment, i.e. capital. In addition, they generate investments and innovation on a broad front. Similar to physical capital, human capital improves too, contributing to the growth of production.

Regarding the emergence of new ideas, most of them resulting from the respective activities, i.e. resources targeted in this direction and the expected effects. As researching activities are conducted at universities, partly funded by the state, by far their most important segment is financed from private sources. Private funds are invested in research and development (R & D), and at the same time, their results are not certain and are accompanied by great risks. Specifically, the funds are directed in such activities before it is known whether corresponding results will show up. If the results become available to society, those are externalities, i.e. benefits to all entities have not participated in the financing. Since the private and public interests do not coincide, two ways to protect investors in the (R & D) are introduced. The first relates to the patent system, a legal monopoly, to ensure return on investment. The second is the



system of subsidizing research universities, government laboratories, and private research units from government sources.

## **IMPORTANCE OF THE TECHNOLOGY IN THE ECONOMY**

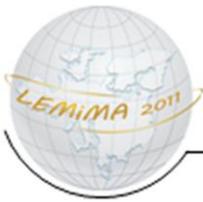
It has already been pointed out that relation between technology and economy is extremely complex. Although there are important differences between countries in this complex interdependence, which depends on the level of economic development, the size of the national economy, economic structure, quality, and quantity of research resources, the following can be concluded: today is generally accepted position that technical progress and its diffusion are major sources of long-term economic and social development.

Regardless of the fact that depends on many factors, the use of modern technology is largely determined by the understanding of its essence and role in the advancement of society. In this recent time of globalization and the struggle to increase the competitiveness of national economies, the crucial importance of technology in socio-economic developments is increasingly understood. Given the fact, it significantly increases the competitiveness of the economy, trade, export and import policy should be agreed with the technological policy. Due to the high interdependence of technology and education, the education policy should be in accordance with the technological policy.

The most important carriers of technological development are companies and their environments. Under the environment, we mean privileges to accept, expand, and create new technology and can be said that these include competitive market, the strategic mechanisms that drive productivity growth, innovation networks, sectoral policies etc. Therefore, the role of policy makers in developing a market economy, building infrastructure, and formulating policies for the development and diffusion of technology is the most important. As for the development and diffusion of technologies, the formation of innovation centers and centers for the diffusion of technology in the universities, research institutes, business associations, and chambers is the most important thing. All this should be accompanied by human capital.

## **SCIENCE AND TECHNOLOGY IN THE GLOBALIZATION PROCESSES**

Although many developed countries keep their own technological policy, the process of internationalization of science and technology have strong influence on them. This is even truer for the less developed countries. Globalization has reached such proportions that the national borders are irrelevant. Instead, the structural differences gain an important position in the growth of company competitiveness and national economies. Globalization implies a stronger integration of parts of the world economy, i.e. integration of the market between countries. As multinationals operate simultaneously in many countries, globalization leads to lower transport



costs, better information technology, and determines policy and reduce barriers to cooperation between countries. All this, along with use of modern science and technology, is aimed at increasing the efficiency of the economies of scale and specialization. In many countries, multinational companies cover the area of sales and production may organize in the cheapest parts of the world. On the other hand, the case that I many markets they are present with limited quantities of production is registered. In this way, the first is achieved by weakening of the entry barriers due to small market share. In fact, the effects of economies of scale are achieved because of the business on a global scale. It should be added that because of the competition small companies are more difficult to survive. At the end, increased competition leads to lower prices and profits in the short term. In the long run, these companies, after elimination of small producers can raise prices again in collusion, disrupting essential conditions of competition.

Globalization can be partly seen as a matter of state policy (Begg, D., et al, 2010). Specifically, the states repeal the restrictions on entering foreign companies, which make the basic way to spread globalization. However, it can be said that the prime determinant of globalization are changes in production costs as the result of technical progress. New technologies in production, technical progress in transport (with a significant reduction of costs) and information technologies (facilitating managing global operations) have led to a major expansion of markets and reduction of managerial diseconomies. Increasing of the optimum capacity of companies and more efficient managing large companies bring economic benefits and significant competitive advantages.

## **RESUME**

As a determinant of development that is operationalized through technical progress, knowledge has long been widely accepted as a key source of economic development. Given that ensures long-term sustainable growth; its role is of particular interest. Specifically, the economic theory shows that in the absence of technological progress the development determines the slowest growing factor of production. Accordingly, it can be concluded that long-term sustainable development is characterized by those systems that use cumulative, in particular new knowledge. While the first are quantitative assessment of technical progress originated from its exogenous nature, development of economic theories has enabled the definition and analysis of origin and implementation of new technology. Explaining factors through higher education, development of science, research and development (R & D) as well as numerous small and large discoveries (innovation), point to the rapid increase of technological knowledge and its impact on economic growth. In this framework of particular importance are researching activity and development, funding sources, their subsidies, and institutional arrangements in the field of patents. All this reflects the growing efficiency of development in modern conditions.



The complex relationship between technology and economy is evident both, the micro level and the level of the economy as a whole. All this points to the need of adopting appropriate measures to stimulate the development of technology in companies, but also creating necessary environment for the development of these processes. On the creation and dissemination of new knowledge and technology, the process of their internationalization, the stronger integration of world economy and globalization processes significantly affect.

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## DRUG ADDICTION AND CRIMINALITY

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### **Abstract:**

*In contemporary criminological literature as one of the most important criminogenic factor is now considered Drug addiction. Drug addiction, as socio-pathological phenomena, currently is present almost all over the world with a tendency to spread, and its presence in recent years, with the same tendencies; it has been noticed in our country too. Its complexity opens a number of issues, including medical, sociological, criminological, legal, psychological, economic, or other nature. Therefore, it requires a complex study and multidisciplinary approaches to the study.*

*Criminologists, criminalist, and psychiatrists are engaged in studying the problem of drug addiction and criminality, and emphasize the close connection between these two social phenomena, as well as their dependence.*

*In recent years there has been expansion of drug addiction in our country, especially among young people. Our country is at a crossroads, connecting Europe with the traditional producers of natural drugs in the Middle East. Bearing in mind the fact that delinquent activity of a substantial portion of drug addicts in our country is recorded, the question of the connection and relationship addiction and criminality is considered an important and topical in our country.*

### **Keywords:**

*crime, criminality, criminal factors, delinquency, drug addiction*

## INTRODUCTION – THE CONCEPT OF DRUG ADDICTION

The term addiction comes from the Greek words *narkoo* (to numb, to narcotize) and *mania* (madness, delusions) and it represent a passion to enjoy drugs.

It is believed that the most complete and most comprehensive definition of drug addiction has given by the World Health Organization „Committee of Experts on drug addiction, according to which the drug addiction is „the state of periodic or chronic intoxication which is detrimental



both for the individual and society, which occur by repeated abuse of drugs (natural or synthetic).“

Drug addiction is drug use that adversely affects the health occurring by drug abuse. Drugs have particular and specific effects on the human body causing a special mental state and addiction of the man.<sup>72</sup>

Drug addiction is a disease not just from a medical point of view, as well as disease of specific person, but it is the social disease too. It is harmful not only to drug addict as an individual, but it spreads to the environment and on society as a whole.

### **DRUG ADDICTION AS A CRIMINOGENIC FACTOR**

From the definition of drug given by the World Health Organization, part of which states that it is “state of periodic or chronic intoxication detrimental to the individual and for society”, it appears that drug abuse is one of the socio-pathological phenomena, and that expressed negative effects and realized harmful consequences to certain social values (health, work ability, social and family relations, and property) and on society as a whole. This adverse effect of drug abuse in society depends on its prevalence. Where drug addiction is more widespread, which includes a great number of individuals, adverse effects in society will be more serious and bigger.

A bigger number of authors investigated the influence of socio-pathological phenomena to criminality, and links and relations between these phenomena and criminal activity.

It is believed that drug abuse can be a criminogenic factor; certain persons, due to their enjoyment, can give perform criminal acts and other deviations, such as thefts, resale of narcotics, prostitution, and more.<sup>73</sup> Correlation of drug abuse and delinquency is determined by illegal actions related to production, the expansion of narcotics and so on, and enforcement of violations of the drug addicts in order to get to the drugs or the funds to buy them, and offenses committed under the direct influence of drugs on the mental status of those who used it.<sup>74</sup>

Drug addiction is an indirect cause of crime: in order to obtain drugs, drug addicts robbers, steal, become the prey of the seller or blackmailer.<sup>75</sup>

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<sup>72</sup> Perić, O.: “Sprečavanje zloupotreba droga na međunarodnom planu”, Zbornik instituta za kriminološka i sociološka istraživanja, Beograd, 1975, br. 4. str. 239

<sup>73</sup> Milutinović, M. : “Kriminologija”, Savremena administracija, Beograd, 1990.

<sup>74</sup> Anisimov, L. N. : “Narkotici”, Lenjingrad, 1974.

<sup>75</sup> Neport, Ž. : „Droge u svetu“, Pariz, 1960.



It is believed that law enforcement authorities believe that the use of drugs alone is a potent cause of criminality.<sup>76</sup>

## **RELATION BETWEEN DRUG ADDICTION AND CRIMINALITY**

The relation of drug abuse and criminality can be viewed from two sides: as an illegal production and supply of drugs and a pleasure, that has no medical character. One is the illicit trade in drugs, and other usage and its impact on man's behavior.<sup>77</sup>

It is necessary to distinguished two types of criminality, and consequently two groups of offenders. One aspect is the illegal production and trade of drugs and other are the crime acts performed by crime addicts.<sup>78</sup> First form is socially dangerous because it is planned and organized. In the second case, those are persons who need treatment regardless of the type of carried delinquency, because of their illness a punishment for them may not achieve its goal.

## **CRIMINALITY OF DRUG ADDICTS – ETIOLOGY AND PHENOMENOLOGY**

Drug abuse in the country and abroad, as a socio-pathological phenomenon that is expanding with a tendency of further expanding and growing, resulting in the criminological very topical and important issue of criminality of drug addicts, has a serious role in the crime in general and the impact on their overall movement, as related criminal conducting with the abuse of certain types of drugs, then the correlation and the effects of the abuse of certain drugs on the type and form of criminal behavior of drug addicts.

Drug abuse is very serious and important criminogenic factor and there are links and impacts between drug abuse and criminal behavior.

Due to drug abuse drug a person deteriorate physically, spiritually, and antisocial. Therefore, drug reduces work capacity and simultaneously the interest in conducting business and social functions in society. The only interest and concern is drug supply and taking drugs. Therefore, funds needed to purchase drugs increasing. As drug addicts have no money to buy drugs, they begin to engage in criminal activities, the performance of various crimes, mostly theft and more.

Drug addicts steal various goods and sell it to get the money. There are people-customers who purchase low-cost goods stolen by drug addicts, regardless of its type and value.

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<sup>76</sup> Relić, J.: „*Neki aspekti narkomanije*“, Bezbednost, Beograd, 1970.

<sup>77</sup> Milutinović, M.: “Kriminologija”, Savremena administracija, Beograd, 1990.

<sup>78</sup> Perić, O.: “*Sprečavanje zloupotreba droga na međunarodnom planu*”, Zbornik instituta za kriminološka i sociološka istraživanja, Beograd, 1975.



The main and fundamental reason for the criminal activities of drug addicts is coming to the drugs or the resources to purchase drugs. The drug is a goal, and the only way to reach that goal is to perform criminal acts against property, thefts in the first place, but not limited to, because they do other crimes.

Drug addicts often come into conflict with the law by performing a variety of offenses and criminal offenses. To get the money to buy drugs, they resort to fraud, theft, embezzlement, forgery, petty, and sometimes even robbery. In cases when they run out of drugs, they decide to burglar of a pharmacy. Because for every day taking drugs substantial financial resources are required, every drug addict is a potential delinquent.<sup>79</sup>

Drug addicts will try to get a drug in a way that is punishable in most cases, and the most appropriate are falsifying the correct recipes issued by doctors, getting correct prescription by fraud, deceit doctors for illnesses that exist. On that occasion, drug addicts pursue a variety of tricks (fake pain, etc.), stealing of the real prescriptions and filling them with false data and usage, making false form of recipes and their use, theft of drugs from medical offices, pharmacies and hospitals, the procurement of drugs by traffickers and other troubled people.

In addition, the criminological aspect of the utmost importance is the period of abstinence.

Drug users due to their drug abuse are the subject of creating a strong physical and psychological dependence. The lack of these drugs in their body leads to abstinence crisis or abstinence syndrome.

Strength of the abstinence symptoms can be divided into mild, serious, and grave. Moderate signs are irritability, dilated pupils, and loss of appetite, muscle tremors, and more. Serious signs are manifested through severe pain, cold sweat, rapid breathing, restlessness, insomnia, and high blood pressure, and severe signs are vomiting, abdominal cramps, and weight loss up to 2.5 kg per 24 hours.<sup>80</sup>

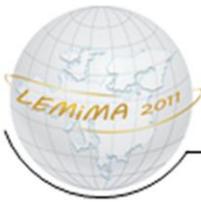
Abstinence crisis presents a very difficult and painful situation for drug addict in the absence of drugs that is used. It causes great and hard state to endure, which can even cause death. It is therefore not surprising that drug users seek to avoid running out of drugs and to get in such a situation at all costs. If they reached that situation, they will not choose the way to get the funds to come out of that state, as soon as possible, after which symptoms of abstinence crisis disappear. In a state of crisis, drug addicts are willing to commit criminal acts of any kind, only to come to drug and decrease the symptoms.

Criminal acts of a morphine addict person are conditioned by their psychopathic constitution or unconditional need for morphine. It creates them troubles and according to them leads them of

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<sup>79</sup> Savić, D.: "*Droge i mladi*", Novi Sad, 1975.

<sup>80</sup> Šovljanski, R. i Šovljanski M.: "*O otrovima i narkoticima u kriminalističkoj obradi*", Beograd, 1971.



libel, defamation, negligence, fraud, embezzlement, etc., and because of this, a morphine addict person cannot be treasurer, head of pharmacy, warehouses, storage facilities, etc.<sup>81</sup>

Criminal importance of drug addicts consists in the following - the addict is morally, socially, health and financially deteriorated, which has the contagious effect on the environment, so others may become drug addicts to, it is easy to coerce (blackmail) drug addicts and it is easy to persuade them to disclosure secrets: military, government and diplomatic, due to drug addict a drug smuggling and hidden drug trafficking are developing; drug dealers give a small amount of drugs to drug addicts who brought them a new customer, as drug addicts become lost for marriage and family, for work, the collective, and become antisocial.

Drug criminals and drug dealers sometimes use abstinence crisis to blackmail them or induce them to commission of criminal acts. They are very successful at that most, due to the problems of drug addicts.

The sudden development of car traffic and increase of the number of motor vehicles in recent years paid increasing attention to the problem of drug-adverse effects on drivers, but also pedestrians.

It is noticeable increase in traffic accidents caused by drivers under the influence of various types of drugs or medication. Drug causes drowsiness, lethargy, slowed reflexes, weakness of attention disorders in the observations and non-criticalness. All this can be and often becomes the cause of an accident, not only when a person operating a motor vehicle under the influence of drugs, but also pedestrian.

Deviant behavior of drug addicts in our country is first manifested in running away from home, drop out from school, idleness, and vagabondism. In order for young drug addicts to obtain drugs begin to steal or rob money from family, selling some things from home and in time began to attack the property of others. Drug addicts usually robber department stores, shops, dealing with the pocket-picking, breaking into homes, breaking into pharmacies where drugs are taken, forging prescriptions, stealing stamps of medical institutions for forging prescriptions and more.

As drug addicts as a rule do not work and don't have income to buy the drugs they are forced, due to their dependency, to get to necessary money to buy drugs from committing criminal acts. Bearing in mind the fact that drug addicts do stop at nothing to get to the drugs, they resort to prostitution and homosexuality.

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<sup>81</sup> Jeftić, D.: „*Sudska psihopatologija*,” Medicinska knjiga, Beograd-Zagreb, 1960.



Criminality of drug addicts can have a dual causality. One is that through criminal activity and committing criminal acts mainly against property, to get a drug, i.e. the funds to buy drugs. This criminal activity is characteristic of drug addicts who use drugs to create any psychological dependence, either physical or in whose stopping abstinence crisis occurs. Among the drugs whose abuse leads to this somewhat criminal behavior are opium, morphine, heroin, and barbiturates and cocaine to a lesser extent.

Another aspect of the causal link between drug abuse and criminal behavior lies in the specific effects of drugs on the drug addict, under whose influence the behavior of drug addicts being criminal. Here drug does not act directly on criminal behavior, but its impact is direct, and criminal behavior is directly under the influence of used drugs with specific characteristics by type of taken drug. It is different with different used drugs so not all drug addicts commit the same criminal acts.

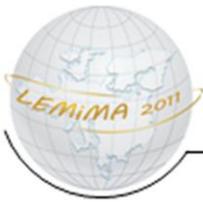
### **JUDICIAL-PSYCHIATRIC ASPECT OF DRUG ADDICTION**

Numerous characteristics and properties of drug abuse, especially those that are basic diagnostic criteria, often, brought drug addicts into the position of persons in judicial proceedings. These are primarily psychological symptoms and phenomena, which significantly change values and behavior of patients, but also a number of changes of physical and neurological status, and social circumstances and situations in which an addict exists.

From the standpoint of valid legal regulations, drugs are classified as a mental illness, particularly in cases where there is clear manifestos, clinical signs, and dependence phenomena. Particular difficulty aggravates the need to put the drug addiction into a group of permanent or temporary mental illness, as in cases of substance abuse more difficult to specify, in relation to other groups of mental disorders.

The durability or the temporary nature of drug addiction can affect a number of factors that will cause a termination or continuation of ongoing use of psychoactive substances, and thus provide it longer or temporal character. It might also lead to a position that in time of expert evidence is not possible to determine with full certainty into which group of mental disorders (relative to the law), the dependence should be placed. The reason for this dilemma is certain anachronism of valid legal regulations (classification of mental disorders to "permanent or temporary mental illness, temporary mental disorder or mental retardation in development"), and uncertainty about the therapeutic success and opportunity, the expert cannot, in the case of addiction, recognize for sure.

During legal procedures, giving of an expert opinion on mental health of a person and a connection between mental state and the proceedings of these people and their (dis)abilities, are relevant to the legal process that is the subject of the justice. With this expert provides technical



assistance to those who pass judgment, entering the psychiatric essence of what has already happened, or what will in the future receive any legal significance.

Forensic-psychiatric significance of drug addiction can be observed from the criminal justice and civil law points of view.

## **CRIMINAL JUSTICE ASPECT OF DRUG ADDICTION**

The importance of drug abuse i.e. drug addicts, from the criminal justice point of view is seen mainly in the frameworks of legal institutions such as the assessment of mental drug offenders and a measure of medical character.<sup>82</sup> Accountability, as a legal category, from psychiatric and psychological standpoint is the ability of understanding the importance of the ability to control its behavior conduct at the time of the crime. In other words, it means the ability to reason and ability to make decisions, based on the actual capabilities of persons. Although the drug addicts may be the perpetrators of various types of crime acts, globally it can be divided into two main groups:

The first group consists of real drug addicts and in its essence is guided by the basic phenomenon of drug addiction - the desire to take the drug again. In order to provide the means and ways to purchase drugs different property crimes, crimes of fraud, forgery, and much less violent behavior or offenses against life and body, which are not typical of drug addicts' offenses.

The second group of offenses related to the production and trafficking of drugs and they are significantly less related to drug addicts. If addicts make these crimes, they are usually a function of finding opportunities to provide better drugs for themselves and not motivated by profit and the acquisition of material benefits from the traffic of narcotics.

Among numerous factors, influencing the assessment of accountability of drug addicts, of particular interest is to determine whether it is a classical dependence (habituation), or which substance is used, the evolution of disease and assessment of personality and its characteristics, in which one in particular is a place of clinical psychologists in the expertise proceedings and professional team which is involved in the expertise. It is essential to understand how the dynamics of criminal behavior, as well as determination in which stage a drug addict was, is one of essence of forensic-psychiatric expertise.

To testify as an expert in relation to accountability of drug addicts in the practical work, the following circumstances are present:

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<sup>82</sup> Milošević, M., Doprinos veštaka prevenciji pojava ugrožavanja bezbednosti, Kriminalističke teme, Sarajevo, 2004.



1) The execution of the criminal act under the influence of drugs. Assessment of mental capacity will depend on the type of drug, dose taken, reviewing the chronological relationship between drug use and enforcement of criminal act, but also all other factors for assessing the accountability of drug addict. In general, for the criminal acts the accountability is reduced, sometimes fully, which requires individual assessment and treatment. This principle can be applied only in situations where the influences of drugs are obvious, i.e. there is the development of drug addiction and its symptoms. However, when it comes to individual use of narcotics without a classical dependence, for the manifestation of criminal behavior there is a criminal responsibility of the perpetrator in such cases.

2) If the crime acts occurred at the stage of abstinence syndrome, it is necessary to determine its characteristics (whether there are psychological or physical dependences, or these symptoms exist simultaneously), in order to observe the ability of reasoning and decision-making. In the period abstinence syndrome, especially in cases of criminal acts in order to obtain drugs accountability is reduced substantially, to some extent or completely, in terms of insanity. As in other cases, assessment must be individual, with the necessity of exploring the personality, as well as other especially relevant elements, especially the physical condition of the patient at the time of the crime.

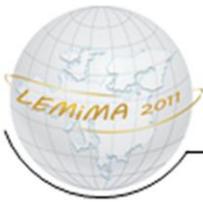
3) For the offenses occurred at the stage of prolonged abstinence syndrome i.e. longer period of time after the establishment of abstinence, there may be prolonged psychological dependence, which to a lesser degree may reduce adequate control of patient behavior. In general, for criminal acts performed at this stage, accountability is maintained or reduced in irrelevant degree.

Security measures of compulsory psychiatric treatment of drug addicts, as well as forms of criminal sanctions, arising as a result of the needs of society, to protect the repeatability of socially dangerous actions of these patients, as well as a desire to offer them a satisfactory option for psychiatric treatment and rehabilitation in a specific way, instead of referring to serve his sentence in a penitentiary.<sup>83</sup>

To pronounce these measures in court procedures, it is necessary to establish the existence of drug addiction in crime perpetrators, and to establish the existence of social risk to the environment, the mentally incompetent or substantially reduced accountability of perpetrator. Under these conditions, it may be proposed treatment in hospital or ambulatory-outpatient conditions, i.e. mandatory treatment at large as a favorable form of treatment for mentally ill and the addicts.

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<sup>83</sup> Milošević, M., *Odgovornost veštaka u krivičnom postupku*, Pravni informator, Beograd, 2004.



In recent years, juvenile offenders who are in contact with various drugs take the particularly significant place. Because their age still lack the adequate structure and personality, but also a specific criminal justice position, this area deserves considerable attention and interest from theoretical and practical aspect. Just such characteristics of juvenile drug addicts - perpetrators, impose the necessity of team understanding, in which, apart from forensic psychiatrist, an important place has a clinical psychologist. In these proceedings, the expertise specifically perceives the degree of psychological and physical maturity of minors, which is relevant to the implementation of any corrective measures that may be proposed.

## RESUME

Drug addiction is a socio-pathological phenomenon in various forms and in many ways, has the negative effects, and achieves severe consequences in society, namely the nation's health, work ability, cultural and moral values, etc. leaving on them more or less severe negative consequences. It is disseminating worldwide, especially among the young people, with present tendency to spread, our country is not exempt also.

Despite the efforts of almost all countries, with a particularly significant role of the UN, that taking drugs should be limited to medical and scientific purpose, illegal production and trade of drugs today characterize the expansion worldwide and contribute to spreading of drug addiction.

Drug addiction is a disease of those who abuse drugs and socio-pathological phenomena, but a definite and important criminogenic factor. Drug abuse in most cases refers and leads drug addicts to criminal activities.

The relationship of drug abuse and criminality can be viewed from two sides, as well as illegal production and traffic of drugs, as drug abuse that leads to criminal behavior.

The manufacturing and distribution of drugs in today's world are legally restricted to scientific, medical, and pharmacological needs and every other production and sales are prohibited activity that is closely associated with drug addiction.

Due to the existing legal prohibitions, and since the illegal production and trafficking in drugs brings the big money, this activity is very well organized. Criminal organizations engaged in manufacturing and trading of drugs are characterized by a very high level of organization, mobility and long range of actions, which generally involves more countries and this criminal activity has the character of international criminality. Characteristic of this criminal activity is that is very difficult to detect and to stamp out, because drug addiction causes cooperation between delinquent and drug addicts – the victim. Therefore,



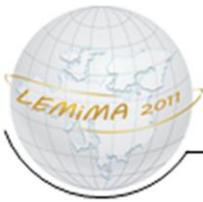
this criminal activity is a particularly dangerous form of crime, because this crime is largely cause drug addiction and criminality of drug addict.

In the scope of the criminality of drug addicts, following things must be distinguished: criminal activity in order to obtain drugs, i.e. for procurement of drugs and criminal activity performed under the direct influence of drugs, which is aimed at obtaining the drug but is a result of the effects of drugs.

Listed criminal justice aspects of drug abuse points out that mental disorder does not only medical but also a wider social significance through the many social negative legal implications that dependence brings. All this points to a broader and complex approach to this issue and a need for engagement not only medical, but also especially psychiatric services, and whole society and its institutions also.

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## IMPORTANCE OF FLEXIBLE EMPLOYMENT IN TERMS OF NEW TECHNOLOGIES

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### **Abstract:**

*Besides working in employment for an indefinite time and of working methods that are employed there are shapes and forms of employment with the characteristics of an employee or part-time employees, whose use in given moments and instances, flexible and adaptable to specific requirements and nature work. Flexible forms of employment were created as a result of the introduction of new technologies in the workflow (automation, computerization, robots) and employers' reactions to so-called, standard (typical) form of work-time employment with full-time. Flexible forms of employment have become, because of their increasing importance in the practice of employment and manpower, the subject of intense national and international regulation. Flexible forms of employment law scholars systematized in different ways, highlighting their characteristics through a greater or lesser importance to influence the employment situation. Flexible forms of employment in our country, through the solution in the employment law, make certain types of employment, that is, more or less, made more flexible employment (employed part-time, employed part-time employment to perform outside the premises of the employer and the employment of household helpers) and forms of work-time employees (temporary and part-time jobs, contract for professional training and development / volunteer work / self-employment). And the short and long term projections of employment must seriously take into account the possibility of using flexible work through the available shapes and forms of employment.*

### **Keywords:**

*flexible forms of employment, adaptability to the labor needs, new technologies, human resources*

## PHENOMENOLOGY OF FLEXIBLE EMPLOYMENT

Flexible employment, through certain forms and shapes, represents the adaptation to changes and needs of the labor market. Nature, technology, intensity, durability of performing business and its conditionality and determination of various factors preclude the possibility of its performance through the permanent forms of work (permanently employed or employed full-time), it is essential that this work is in the second institution form. Therefore, the practice impose the need to create multiple types and forms of work and the employment and part-time



employees, whose use in such cases, must be adaptive to needs of the particular job, and the state formed these needs, with more or less understanding, and institutionalized in specific forms of work, creating a basis for rational and successful pursuit of economic activities.

General characteristic of shapes or forms of flexible employment is that these are forms of engagement of non-permanent employment or employment for an indefinite period of time (here we think on other types of employment and part-time employees), but the theory emphasizes the importance of some of these forms or forms of work in relation to others, given their prominent feature of applicability. Thus, the essential definition of flexible forms is as follows, "forms of engagement that does not represent the classic full time work."<sup>84</sup> Mass business relationships and versatility concentrated on the labor market through the process of supply and demand required a multitude of forms of engagement so that employers could choose the most optimal form of the elections on time executive in status form that are most rational ones. Although some of these means of engagement, sometimes, abuse of the real needs of the employer for permanent or more permanent work, though it is a form of legal employment.

"Flexible forms of employment have arisen as a result of the introduction of new technologies in the workflow (automation, computerization, and robots) and the reaction of employer to the so-called standard (typical) form of work. The standard or typical form of employment is that an employer is devised with the employee for an indefinite time with full working time."<sup>85</sup> From this definition, it follows that flexible forms or forms of employment are also called "non-standard" forms of work, which supports much of the theory that deals with this issue. Non-standardization means that temporality of application, when using the character of the adaptability of each form of specific needs of the employer or client.

## **INTERNATIONAL STRUCTURE OF FLEXIBLE EMPLOYMENT FORMS**

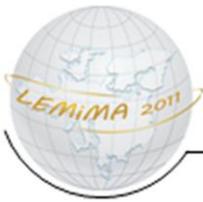
Flexible forms of employment have become, due to their increasing importance in the practice of employment and labor, the subject of intense national and international regulation. At the international level, the Institute are engaged in: International Labor Organization (ILO), Organization for Economic Cooperation and Development (OECD), European Union (EU), European Council (EC) and the International Industrial Relations Association (MRA).

International Labor Organization, bearing in mind the importance of flexible forms of work, introduced great number of conventions and recommendations, to give the impetus to national

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<sup>84</sup> Prof. dr Radoje R. Brković, „*Radno pravo (novo zakonodavstvo)*“, Projuris, Beograd, 2005., str. 99.

<sup>85</sup> B. Šunderić, „*Pravo Međunarodne organizacije rada*“, Beograd, 2001., str. 244.



laws to enrich their own equal labor theory and practice of new forms of employment and create mechanisms for their significant impact on reducing unemployment. These are 122 Employment Policy Convention; Convention No.177 on the work at home of 1996, and Recommendation no.184 on the work at home since 1996; Recommendation br.189 on providing jobs in small and medium enterprises of 1996, Convention No.175 on working part-time and Recommendation no. 182 on part-time work of 1994.

The importance of this problem is not neglect by the European Union (EU), which in 1991 adopted The Directive on the part-time work (based on previous collective agreement for the territory of the EU) and the directive on part-time work since 1999 (also derived from the signed collective agreement). In addition, the largest trade union and managers organizations (UNICE, ETUC, CEEP) are engaged in, among other things, the conclusion of the European collective agreement on temporary work (as a valuable form of flexible employment).<sup>86</sup>

The importance of international regulation of flexible employment to solve the unemployment problem is confirmed by the fact that within the European Union over 60 million employees working in one of the flexible forms of employment. Usually those are part-time employment, work at home, occasional, and temporary employment, self-employment (in various forms of individual, team, or cooperative engagement); work on weekends, help at home work.<sup>87</sup> Flexible forms of employment, law theorists systematize in different ways, highlighting their characteristics through a greater or lesser importance to influence the employment situation. S. Jasarevic emphasize the systematization of flexible forms of employment such as 1) part-time, 2) fixed-term work, 3) self-employment, work at home, self-employment, and informal sector jobs.<sup>88</sup>

The types of contracts on temporary work conduct flexible forms of employment, such as, for example, *zero hours* contract (contract with deferred fulfillment), which requires the performer that it must always accept a job offer, but the employer does not have to provide him with job. Some modalities of this contract are *on call* and *stand by* contracts (usual type of these agreements are preliminary agreements and contracts with deferred fulfillment). In case when employer is calling the performer regularly to do, this deal with deferred fulfillment can be considered as a normal part-time employment contract.

The practice of job contract used for contracting of flexible forms of employment, except *stand-by* agreement (work on invitation) knows *fixed-term* contracts concluded for certain time and so-called, *minimum maximum* contract showing the minimum and maximum hours of work per week. The main question in these contracts is whether the mutuality of these obligations of

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<sup>86</sup> S. Jašarević, „*Fleksibilne forme zapošljavanja u Zakonu o radu*“, Radno i socijalno pravo, br.1-3/2002, Beograd, str. 93

<sup>87</sup> *Fleksibilni oblici zapošljavanja u Srbiji*, Studija, Beograd, 199., str. 56-kod Borivoja Šunderića, Pravo međunarodne organizacije rada, op.cit., str. 245.

<sup>88</sup> S. Jašarević, *ibidem*.



contracting parties (employer and job performer) is a necessary element for the validity of contracts. Reciprocity would be, legally and socially, should exist but the practice is another thing.

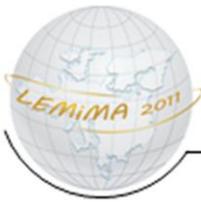
## **FLEXIBLE FORMS OF EMPLOYMENT IN SERBIA - LEGAL SOLUTIONS**

Flexible forms of employment in our country, through the solutions in Employment law<sup>89</sup>, make certain types of employment, that is, more or less, made more flexible employment (employed part-time, employed part-time employment to perform outside the premises of the employer and the employment of household helpers) and forms of work-time employees (temporary and part-time jobs, contract for professional training and development and self-employment).

- 1) **Fixed-term work** is based on time whose duration is predetermined when it comes to seasonal jobs: work on a project, increasing the volume of work that takes some time and so on, but cannot last more than 12 months, continuously or intermittently. This form of employment can be established to replace a temporarily absent employee, until his return to work. This form of employment has its practical justification in engaging in activities that do not have permanent characters, but it is often misused by the statutory extension of time that can be deployed and through the nature of the work that is not covered by legal norms as a possible reason for the use of the employment relationship.
- 2) **Part-time work** may be established for an indefinite or specified period. The duration of this type of employment depends on the specific needs of the employer (in practice, this is usually half of working time). Employees in this form of employment have all employment rights in proportion to the time spent at work, unless some rights by general laws and the contract provides otherwise. Part-time work represents flexible component of this work, and when employees by working for another employer achieves full-time, and both are full-time works, it is no longer a flexible form of employment, but a "full-time" work. However, flexible work in this form is a significant for employee, whether to stay at part time work, whether to realize full time.
- 3) **Employment for performing work outside of the employer's premises** in the previous legislation presented work outside of employment, which emphasized the flexible nature of its methods of work and employment. This work is usually done at

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<sup>89</sup> „Službeni glasnik RS“, br.24/2005, 61/2005 i 54/2009.



employee's home, and legally this type of work is known as "service providing". The nature of work, although it is in the form of non-fixed work, it is characterized by flexible form of employment, because the physical location (space at employee's home or some other place outside of the headquarters of the employer) that factor of adaptability makes relationship specific, as the way of doing business, because the employee in performing the duties and may be assisted by close family members, unlike in other forms of work.

- 4) **Employment with domestic assistance** (home work) was introduced by the previous Labor Act. Otherwise, work of domestic assistance is a senior legal institution, which dates from the early twentieth century in the German labor law doctrine and legislation. The flexibility to this form of employment, which is part of comparative law outside of employment, gives the nature of work place and working conditions, and the fact that the earnings of the employee can be paid in kind (food, shelter), but no more than 50% of earnings. Revenue share to be paid in kind shall be expressed in monetary form. This form of employment or work in general is essential for the reduction of "illegal employment", regardless of its poor applicability in our practice.
- 5) **Temporary and part-time jobs** are a form of the work outside of employment, where the employer can conclude a contract for these works with the unemployed person or with the employee working part-time - to full-time and retired person for the jobs whose duration will not be more than 120 working days per calendar year. Employer may for performing temporary and occasional jobs to conclude a contract with a person who is a member of the youth cooperative, up to 30 years old.

Performing temporary jobs is renowned form of flexible employment, which, in the context of our labor market, important, especially for performing jobs that have not permanent character, but they appear in a certain continuity, with a regularity of time, in specific seasons, cycles of work processes and the like. Predictability of common needs for these jobs in future periods allow the employer and the potential performer of the work, either individually or through cooperatives, to count on work engagement and a significant portion of the unemployed of the possibilities of this work, no matter what it is, mostly, less complex and mainly physical work.

- 6) **Contract on vocational education and training** represent *the return of the voluntary work into labor regulations* (which former legislator unjustly thrown out of regulation), differently named, but with almost identical content, so the essence of the previously formulated voluntary work - internship and the professional exam, acquiring of the necessary knowledge and skills to work in the profession and specialization – is taken over as the contents of contracts for professional qualification and training.



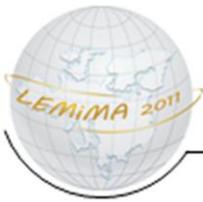
The motive of the employer to engage performer from the labor market under this contract is the low cost of such engagement, the ability to qualify the experts of certain profiles, and, simultaneously, show to the community its effort to help reducing unemployment. On the other hand, a volunteer, although aware of the shortcomings of its status and temporary work, of the performer whose work, due to lack of qualification and experience in the labor market is very cheap, finishing voluntary work become more competitive to solve its status adequately to its abilities.

- 7) **Self-employment** The labor law defined as the probability that an individual performs work independently as an entrepreneur, in accordance with the law governing the issue of entrepreneurship. Prediction of this institute, the legislator seeks to emphasize the importance of self-engagement of unemployed persons to find job, especially if there is some important assumptions of self-employment (received severance pay, the action of the former employer to finance incentives offered by the state in certain employment programs, etc.). Therefore, self-employment, as a flexible form of employment, may be a transitional form of engagement to one type of employment, even permanent.

## NEW FORMS OF EMPLOYMENT IN TERMS OF NEW TECHNOLOGIES

The problem of unemployment is a continuous problem of states and societies and with creation of economic conditions for its solution, it was necessary to look into new forms of engagement that would suit the needs of employers and opportunities. In places where no opportunities and conditions for the establishment of a permanent working relationship, it is expected that theory and legislators to establish new forms of employment, which meet the needs of the labor market. These forms of employment characterize flexibility and adaptability. In addition to objective determination of employment in market conditions, this employment requires a complete change of consciousness about the role of their own work and attitude towards work in general, where the required maximum engagement of each employed performer, expertise, competence, high levels of work culture and efficiency is necessary.

In the introduction, we pointed out that flexible forms of work incurred as a result of the introduction of new technologies in the work process. Although from the standpoint of the general progress of mankind new technology are a means to achieve a new quality of life, they carry certain difficulties which are reflected differently on individual companies, depending on their overall development. New technology, in general, reduces the need for labor or abolishes jobs, reducing the need for live performance and was replaced by materialized labor. Maximizing the impact of new technology requires significant changes in the ways of engaging and organizing the work force so employers require a change of working mode, or in many cases, replacement of other employment, and flexible (adaptive) forms of work. Mode of employment makes it difficult for employers to get rid of redundant employees.



Redundancy does not apply to workers in certain production and other work processes, but also some management structure and managers. The abolition of permanent employment in certain cases would allow the employer to manage the workforce in line with the characteristics of new technologies. A new approach for organized labor, caused by the introduction of new technologies, needs to make full use of production and employment potential, so that their work is most productive when it is most needed, "a flexible organization of work requires a flexible and mobile workforce."<sup>90</sup> In addition to introducing flexible forms of, *a flexibilization of working hours* is also done, to ensure the optimal use of production and processing capacity and working capacity of employees or hired employees. New terms and conditions are determined by specific technological and organizational changes and they are changing models of human resources utilization, in relation to the legal basis of their work involvement (types of work that is not full-time employment) and flexibility of their working abilities.

Methods of human resources utilization are different in given circumstances, but directed towards the full-time employment. Reduced volume of work and termination of the need for certain types of work obliges the employer to reorganize operations, and personnel restructuring of the professional human resources management, to maximize the available human resources. Personnel restructuring of the employer goes through three related processes, 1) the restructuring of knowledge and skills of employees, 2) the restructuring of work motivation and morale, and 3) restructuring the system of organizational roles.<sup>91</sup>

Recently, flexibility in employment is a formula used as a concept for solving the employment problems in terms of "*new fields of work*" conception.<sup>92</sup> In relation to outlined, the flexibility involves a range of interventions in all spheres, and some of them are "reducing wages, changes in terms of collective bargaining at the national level, changes in regulations on protection of workers, changes in regulations of laying off workers, changes in social security (Euro-Flexibility and Jobs, Myths and Realities, Brussels, 1985)."<sup>93</sup>

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<sup>90</sup> Dr Brana Marković, Nove tehnologije, radnička klasa i sindikati-kod Borivoja M. Šunderića, Pravo Međunarodne organizacije rada, op.cit., str.244.

<sup>91</sup> B. Čukić, Ljudski resursi firme (u okviru teme "Zapošljavanje i socijalni problemi"), Pravni fakultet Univerziteta u Beogradu, Beograd, 1966., str.27-29.

<sup>92</sup> V. Brajić, Dileme i koncepcije u pogledu zapošljavanja (u okviru skupne teme:" Tržište radne snage i pravo na rad"), Zbornik radova sa savetovanja pravnika 8-12. juna 1998.g., Budva, Beograd, 1998., Budvanski pravnički dani, str.120-122.

<sup>93</sup> Ibidem.

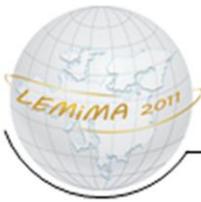


## RESUME

Flexible forms or forms of employment differ from so-called standard (typical) ways of making a work contract for an indefinite time and full work time. Flexibility of work is related to its duration, by temporary and specific conditions in which they perform. The significance of these forms of work confirms the fact that within the European Union over 60 million employees working in one of the flexible forms of employment. Usually those are the part-time employment, work at home, occasional and temporary employment, self-employment (in various forms of individual and team or cooperative engagement); work over the weekend, home care and so on. Short and long-term projections of employment in our country must seriously take into account the possibility of involvement of the work through legally available flexible forms of employment. The state should ensure effective functioning of the labor market functioning in which supply and demand many types of work will find, whose shape and method of engagement is not a permanent employment. Reducing unemployment is not the only objection of the use of flexible forms of work, but also the suppression of "illegal employment", in a variety of informal and illegal work, which also affects the increase of employment and provides a more realistic insight into the employment situation in society.

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## CRISIS MANAGEMENT AND MEDIA

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### **Abstract:**

*Crisis management is essential in crisis for one circumstance in which the organization can no longer operate normally, but opposed to this view, the crisis is also an opportunity for organizations with experience gained from the grave and unforeseen new challenges to become stronger and more effective. In the area of organizational relationships of the need for crisis management are increasingly writes and speaks. Because general condition and the global economy and the privatization processes in societies where the change of ownership and a new system of management. It is necessary to make organizational structures and apply a new form of management.*

### **Keywords:**

*change, crisis, economy, management*

## INTRODUCTION

The word crisis is still probably one of the most frequently used words in everyday speech. It is used in describing the personal and private situation, but more often to describe a situation with potential negative consequences in which the company is located .. The economy is quite a long time dealing with issues of the formation and overcoming the crisis. She has made its contribution to theoretical systematization and explanation of the causes of insolvency, flows and effects of the crisis in the enterprise and its environment. The emphasis is still placed on the early observation of symptoms of the crisis. Research is now strongly focused on aspects of crisis management rather than on the analysis of strategies for repair. Development suitable for this concept and strategy for implementation of this concept must be based on objectives, which should repair to accomplish. Concept and strategy must further take into account the situation and condition in its environment, and also the opportunities that arise from it, but the limitation and the risks and the capacity to implement a program of measures, which most require significant changes in internal structure, in its the conduct and behavior in relation to the environment in which it does business. In the area of organizational media relations crises are often associated with the "unexpectedly bad publicity." It often happens that a negative view in the media can "bury" the organization, and it is worse than the damage caused by the crisis.



## 1. Concept of management

Management is a universal means necessary to implement modern industrial world. Any enterprise, institution, organization of any kind, each with much more complex job, or a serious activity, requiring management to be brought to the selected target, that is to be effectively completed. Management is a phenomenon of our time, the necessity of modern life and work. The control approach to solving various problems, the basic characteristics of modern management, without which it is impossible to effectively function, operation and development.

I said that aspect of management is the process of directing people towards a goal;  
II discusses aspects of management as a profession, managers involved in directing other people;  
III deals with the management aspect of the discipline or theory and practice.  
Most accepted definition of management given by Anry Fayol, who says:

*"Management is the process of predicting, organizing, commanding, coordination and control."*

Management has a range of activities including planning, decision making, organizing, managing and controlling the use of organizational resources / humanity financial, physical and informational) with the aim of effective and efficient achievement of organizational goals. Management, namely in recent times seen as a kind of social technology that allows the effectiveness and efficiency. Effectiveness means doing the right thing, and efficiency means doing the right way. Hence, the effectiveness of facing the market, and the efficiency of the internal economy, and economy productivity.<sup>94</sup>

## 2. The concept of crisis and forms

Crisis of its occurrence in non-secondary participants cause stress, which is reflected in the uncertainty. Crises can be divided into those caused by human factor and those that caused the natural forces, as well as those that arise due to the transferred crisis environments. In this first classified as strikes, environmental disasters, acts of terrorism, scandals, identity crises (rash statements and procedures), the offenses, the withdrawal and accidents in other floods, earthquakes, fires. The crisis is sudden and unpredictable event that its content seriously threatens the reputation of companies, political parties, institutions and individuals. Common features are:

Threat - The crisis occurs when the core values-safety, health, integrity, justice, wealth and

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<sup>94</sup> Hadžiahmetović Z., Kulović Dž., Jurešić S. –Menadžment /putokaz za menadžere/, Zenica, 2007., page 23

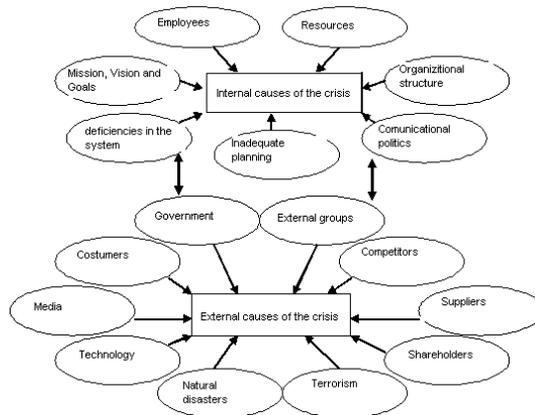
production, etc. and / or survival of the communities affected. What are the nature and extent of this threat to larger and deeper the crisis itself. Natural disasters (floods, earthquake, tornadoes, avalanches, etc) always provoke a crisis.

Urgency - (time pressure) - a serious threat, if not causing immediate and acute problems, do not produce any feeling of crisis. Since the real and present danger it requires that in connection with her immediately take something. This is especially important for managers at the operational level, when decisions about life or death must be brought within a few days.

Uncertainty - the perception of crisis is accompanied by a high degree of uncertainty about the nature and potential consequences of threats: what is happening and how did it happen? Who's next? How bad are things? Most importantly, this uncertainty complicates the search for solutions.

**a) External causes of the crisis** - arise in the organization and those on them can have a significant impact, as follows: - Changes in the market, changes in industry / trade, global economic crisis, political changes, changes in Legislation, natural disasters / accidents.

**b) internal causes of the crisis** - these are the common causes that are in the organization, and the most common are: - Inadequate training and staff incompetence, immorality and incompetence of the leadership, underestimation public opinion, inefficient operation management functions, unrealistic goals of unions, inefficient communication system, weak organizational culture, staff dissatisfaction, no motivate employees, etc.



Each crisis (small and large) has five stages through which it passes. Beginning, rise, peak, decline and end. Items dictate your own, unless you (a most persistent work) like the ostrich stuck his head in the sand and waiting for what will happen and whether the media respond, and



then ... then it is already too late, because the volume and intensity of your crisis dictated by the media.<sup>95</sup>

### 3. Typology of crises

The crisis is as much a variety of organizations, institutions, people and circumstances in which they operate. Because of this crisis is hard to define, but also sort. Under the crisis involves a wide range of events, from single aircraft accident caused by bad weather, by earthquake, typhoon, flood, fire, and bad advice on investments of certain brokers, negative impact of industry on the environment, ethnic conflict, etc.

**1st The crisis caused by natural factors** - natural threat in the literature and in practical life, we often hear that they are appointed as natural disasters. They represent a great danger of the modern world, because it is difficult to prevent but in some way, can reduce their effect, to prepare the population and repaired as quickly as their consequences. Natural disasters are earthquakes and volcanoes, landslides, erosion, atmospheric-weather threat, winds, lightning and thunder, the city, flooding, avalanches, etc.

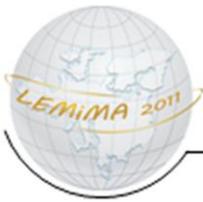
**2nd The crisis caused by human-factors** for most of the crisis has been known to come to a sudden and no matter what the majority of them can predict the time and they are well prepared for analysis of the crisis is the unwillingness of a large percentage of registered organizations (companies, managers, responsible persons, the government , political parties) to the fast response and good communication.

**3rd Social Crisis**-judging from the frequent newspaper articles commercial, economic and financial crisis is already knocking at the doors of some businesses. For example, some enterprises in the Federation have already indicated layoff, and the Republic of Serbian suggest relaxing around six thousand employees in the textile and footwear industry. Second, even, are usually not paid salaries for years do not pay social contributions and health insurance. Third knocking on doors asking for a one-time government assistance to overcome current financial difficulties.

**4th The economic crisis**-which captures media attention around the world came from the United States as a classic credit crunch, which then spread across the financial markets to the rest of the world. Manifestations of the crisis differ from country to country, and in the past month feel the problem of delays in the functioning of the financial system at the world level. Therefore, the appearance of the current crisis, most accurate to call the crisis of the global financial system.

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<sup>95</sup> [www.pr-eminencija.blogger.hr/...kriza/](http://www.pr-eminencija.blogger.hr/...kriza/)



**6th New economic crisis, recession** - the basic definition, the term recession was determined in a manner that describes the temporary slowdown in economic activity accompanied by a simultaneous deterioration of the country's general economic climate, including the decline in real income, rising unemployment, low level of utilization of productive capacity, and many other unfavorable economic indicators. As you noticed, the term is defined so that the interpretation of a broad spectrum.

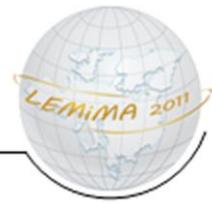
#### 4. Crises Management

Crisis management can be defined as a set of functions or processes that aim to come up, researched, and anticipate possible crises and the establishment of special ways that will enable the organization to minimize the crisis and that with her election and to mitigate the minimization of its consequences and what faster return to normal. Crisis management should be composed of more members and work as a team. There are many definitions of crisis management. So it Điljoti and Ronald assigned the organization's ability to act quickly, effectively, in possible operations aimed at reducing the threat to human health and safety, reduced damage to property or public corporations and reduce the negative effects on the continuation of normal operations or other operations.

**Restrict (prevent) the crisis**-Limiting covers a wide range of activities to avoid the crisis, including a permanent or permanent reduction or to reduce potential losses from hazardous events. Many of these activities are not under the direct control of the crisis managers.

**Identification of hazard and vulnerability analysis** - Hazard is the situation created by natural or human cause, which may cause serious adverse consequences for an organization / community. It would be ideal to prepare communities for all hazards. So the first step in preventive circumstances to determine what are the potential hazards that could hit the community. / Use of statistical indicators, interviews, surveys and search for the older participants from let them similar situation.

3rd The origin of the term **crisis manager** is in the political sphere. Namely, it is argued that the U.S. President JF Kennedy first used the term during the Cuban missile crisis 1962nd when the confrontation between the U.S. and the USSR, due to installation of Soviet missiles with nuclear heads to Cuba, which brought the world to the brink of the Third World War. In this way, Kennedy described the management of a serious, emergency-crisis situations.



## 5. Preparation and planning

It involves precisely the authority and responsibility for dealing with crisis situations and utilization of resources to provide treatment. Certain functions of crisis management are given to existing employees or hiring special personnel or special experts in the field. These activities include continuous, uninterrupted operation and engagement of all that are necessary in crisis situations. Successful planning is possible if the community is involved in the planning process. Experience shows that the plans rarely benefit if they worked only one person or one organization.

**Administrative plan** - which describes the basic policies and actions relevant in the management of internal processes (financial management, human resources management, relations with employees). When you make a plan, all employees must be familiar with them and clarify the responsibilities of each individual that must be met and the results expected of them.

**Mitigate** - in IDENTIFICATION analysis of gravity of the crisis, mitigate strategies, tools for alleviating and alternatives. Crisis plan consists of three elements: Basic Plan and Functional Annexes Annex specific hazard.

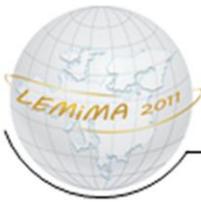
The basic plan is the alkaline element and it represents the basis for other parts of crisis plan. In this concept with the manager must, in principle, to be bound as a crisis manager.

### Crisis in emergency situations

Under the crisis or emergency means those phenomena that can jeopardize the mass population (life and health), the good and the Environment in War and Peace. The community has to deal with crises before they happen, and must help in recovering from the fallout. As a result of modern thought are four phases of the overall crisis management: relieving, alertness, activity and recovery or reconstruction.

### The crisis in public health example: Bird flu

In the world of big government is concerned that the virus can adapt, mutate and become easily transferable among humans. Bird flu (Avian Influenza) is a disease caused by a virus. Bird flu is a dangerous disease of domestic poultry and wild birds. Since 2003. The H5N1 avian influenza virus spread from Asia to Europe, the Middle East and Africa, directly affecting at least 18 states. H5N1 virus spreads rapidly in poultry flocks and has a mortality that reaches 100%, often first 48 hours. Once this adaptation occurs, it will no longer be a bird virus, but influenza viruses among humans, which in this case could cause a pandemic.



### **The crisis in the enterprise**

**The first type** are small companies that typically never achieve a satisfactory level of business and usually lasts a very short time. According to various estimates, approximately 50 percent of these businesses fail in five years after its establishment. Founders of small companies are generally most engineers, technicians and economists, etc.

**Second type** of companies that are enough to strengthen, often with spectacular growth before fall. The founders of the second type are usually born salespeople and leaders, volatile charmer, full of ideas. Crisis management expert John Argento wrote that the ambition of these people is almost pathological, and never accept the advice because they think they know everything. The collapse of these companies is a rare occurrence, but as you grow with great fanfare, and decaying.

**The third type** of company in crisis are mature companies with professional management. They are often slow and lose contact with the market or customer needs. The biggest may have to call the institutions, "state within a state", and most think that exist for its own sake, not for buyers. These companies usually have a lot of deficiencies in management and control mechanisms.

**The economic crisis in BIH recession** is started on a global basis, but in Bosnia there are many local issues that may justify a global recession. These are huge costs in public spending, stalled reforms, lack of attractiveness for foreign investors, low competitiveness of the export. The global crisis has got the answers in the measures related to financial consolidation, calm the nerves of banks, deposit insurance. Now the question is how to solve the problems of high public spending.

### **Completion of the crisis**

With the exception of the economic crisis-recession, every crisis, sooner or later finishes and task management that finally disclosed end to the crisis and the transition from crisis situation to normal, or at small and medium enterprises and even the consequences can be catastrophic and that is to disappear the same , be closed down. The consequences are often devastating crisis, with severe consequences, property damage, disruptive and bad effects. When the crisis caused by natural disasters result certainly have a huge material damage, loss of human life, poverty, neglected population, damaged and destroyed housing, bridges, roads, etc. And there will unfortunately need repaired after the result of a material nature, and remediation buildings, roads, bridges and housing units will take time. It will not go without reforms in the social sector, health and pension system. First of all, to raise competitiveness, how to use the possibilities of development in agriculture, tourism, small and should also establish a basic plan for recovering from crises that may occur in the area. With this must also be trained for a



variety of other activities. Paper and state the basis for the decision must be measurable, according to the rules of the profession and the public.<sup>96</sup>

## 6. The behavior of people in crisis situations

Due to the high density of population in large urban areas every contemporary crises affecting much more people than in those civilizations in which people "diluted" in scattered rural communities. As the extraordinarily well-developed system of information and communications, each crisis is becoming very quickly known, and the news quickly spread. A special form of mass gatherings and the behavior of people in crisis and emergency situations, occurs when they are at risk based on the existence of some smaller or larger social group.

**Dimensions of collective stress.** One form of crisis behavior of the uncontrolled behavior in certain social groups, as a form of collective behavior. This new behavior is expressed in such a way that more or less a bunch of people belonging real or imagination of a danger to health, life, existence, responds unreasonable physical and psychological behavior. Unfortunately this situation is rapidly transferred and even those a bit "stronger" person and come up with a mass revolt which can sometimes have negative consequences

**Psychological behavior in crisis situations** - Conduct psychological factors play an important role to members of the mass or weight control force leader. These factors "intensity" over the mass of participants in this situation contributes to irrational extremes of behavior, where individuals behave destructive and even destroy buildings, good environment, people, all uncontrollably.

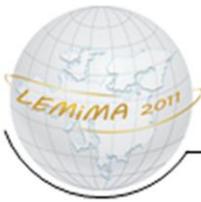
**Panic** - is one of those forms of mass behavior, which is defined as a social phenomenon in the course of which more or less a bunch of people, by perception real or imagination of a danger to their health or life, responding unreasonable physical escape from the place at which the danger lurking. The occurrence of panic can play a major role rumors.

**The crowd** - the extreme behavior of a group of people gathered to express their dissatisfaction various crisis situations, and who behave and act violently emotional and under extraordinary circumstances, and where no control, nor are aware of negative consequences. The mass of the extreme behavior and manage the behavior of the leaders.

**Rebellious behavior of the masses** - the mass of this form of behavior can be influenced in several ways. The behavior of the masses expressing emotional needs, dissatisfaction and prejudices of its participants. Emotional stimuli, and protection from the masses, encouraging its members to express their impulses, aggression and fury of them in quiet moments refrain.

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<sup>96</sup> Kešetović, Ž., Keković Z., Krizni menadžment i prevencija krize, Beograd, 2006



**Demonstrations** - are always directed against someone or something and it's always been a powerful weapon of political struggle, which for them have large masses. They are usually held in front of important buildings of governing structures, parliaments, municipalities and the like, and are very ugly behavior with shouts, insults, banners or headlines with ugly caricatures of persons responsible. This kind of gathering can contribute jeopardy.

## **MEDIA**

The same opinions were respected and most authors dealing with the media, in fact, in modern societies, mass media play a crucial role in forming public opinion. The opportunity to be present in the most remote homes, giving the media a unique power of communication. Ways to mastering the art of media relations is very important to fulfill the expectations of a broad target audience. In skilled hands, the means of public communication (or at least parts thereof) may be as important as support.

Previously, we stressed that the organization must choose a consistent communication strategy that presents the best image and convey the message.

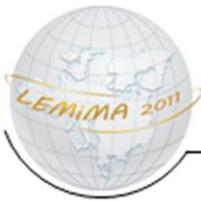
The strategy should enable the organization to: The objectives of communication, target groups, funds for a two-way communication, and methods for monitoring the results.

Once adopted, the strategy should become an integral part of planning and image organization. It should offer a framework for distributing information and assign clear responsibilities to individuals who work with the media. The use of mass media is one of the most flexible means to quickly inform the widest possible public. Taking into account that the relevant information is essential to motivate the public and its involvement in solving problems. Contact with the media usually takes the form: Press Releases; public appearances, press conference, conferences, publications.



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## KNOWLEDGE MANAGEMENT AND LOGISTICS

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### **Abstract:**

*We live in a time of rapid, dramatic, complex, and unpredictable changes. Natural disasters are more widespread (earthquake, tsunamis, etc.) and they endanger the most developed economies of the world. Besides technology, market - economic, political, social, and global factors influence the speed of change, and the design theory and practice of economics and management. The concept of „Knowledge Management“ is a key concept in creating competitive advantage in the new economy, management and in the optimization of logistics services. People, their development, knowledge, and motivation, as well how they are managed, become a decisive factor of competitiveness and development of any organization.*

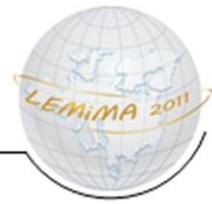
*The paper clarifies the concept, importance of knowledge management and logistics. Current trends in this area were analyzed and the importance of new approaches and management know-how and logistics are emphasized.*

### **Keywords:**

*intellectual capital, knowledge management, and logistics*

## INTRODUCTION

The world economy is still burdened with problems of the global economic crisis and the complex challenges set before management. Besides that, natural disasters lead to problems even most developed economies of the world (Japan). Questions of using modern technology (nuclear energy) in the production of electricity are open, which in these disasters pose a risk to the countries that possess these technologies and for those adjacent to them. In a market economy, increasing competition among enterprises is inevitable. For customers not only quality and prices of products are important, but also the parameters of service (timeliness, reliability, efficiency of implementation of their demands, etc.) The key fact in meeting customer requirements and understanding lies in understanding of two things: What customer wants and when it wants. For these reasons, a company must define its objectives in accordance with the requirements of the customer and therefore needs to monitor its performance, to compare with other companies to comprehend its position, the advantages, and disadvantages over the competition. Companies in transition and less developed countries, under-perceive



their intellectual capital that is still considered something quite mysterious and incomprehensible, i.e. talent, or flash of individual genius. Nevertheless, human capital becoming one of the most sought “goods”, but as a scarce resource, it becomes more expensive. Due to the fact that many elements of the invisible intellectual capital, such capital is called invisible assets, intangible assets, hidden assets, intangible assets of the company have not been fully captured in the balance sheets, and includes what is in the minds of employees in companies and what as it remains after their departure from the company. Since there is no doubt that the importance of intellectual capital is growing exponentially and that intellectual capital is not a resource, or potential that can be stored and saved for emergency, transitional countries have existing intellectual capital to put in function of their own economies, so that the ratio of own economic system is in the line with regional and/or global economic system establish on the principle of the greater benefit or by the principle of the less own damage.

Intellectual capital (intangible assets) often reaches 80 - 90% shares of the company. Intellectual capital is the main driver of innovation and competitive advantage in today's knowledge-based economy. Knowledge management is recognized as a fundamental activity for the formation, development of intellectual capital in the survival of the organization. This means that the successful implementation and use of knowledge management conditions cause the growth of intellectual capital.

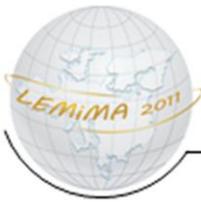
## DEFINITION OF BASIC TERMS

**The term; knowledge** is a set of facts, information and skills acquired by learning or experience with the aim of theoretical or written understanding and solving problems. It is dynamic because it created complex social interactions between individuals and organizations. Under the term of knowledge organization, we mean a system that deals with principles, methods, and techniques for collecting, organizing, storing, and sharing knowledge in the organization and society. Important role has written documentation, and documents stored in electronic databases (collecting, finding, sorting, and availability) as well as information management and knowledge management.<sup>97</sup> Knowledge is a collection of information processed and presented in an appropriate manner, combined with experience and intuition. Information becomes knowledge when it is processed in the mind of the individual. Such knowledge becomes information when transmitted to other persons in the form of text, picture, or graphic.<sup>98</sup>

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<sup>97</sup> [www://hr.wikipedia.org/wiki/Organizacija\\_znanja](http://www://hr.wikipedia.org/wiki/Organizacija_znanja)

<sup>98</sup> Dušan R. i saradnici *Strategijski menadžment*, CEKOM-books, Novi Sad 2008, strana 385.



**The term intellectual capital**, in literature, is considered to be intangible assets (intangible factors of business) of company that significantly affects the success of the business, and not explicitly stated in the balance.

**The concept of Knowledge Management** is a process in which an organization generates value of their intellectual property and assets based on knowledge. Typically generate values of these properties includes the sharing of information with employees, organizational units, and other organizations to achieve better business.

In defining the concept of knowledge management, it must be borne in mind the fact that knowledge can be unsaid (in heads of people) and explicit (encoded and displayed as information in databases, documents). If the activities of Knowledge Management cannot connect with the attainment of business objectives, with certainty can be said that there is no true knowledge management system developed. Most of the value through knowledge transfer is done by focusing on some of these elements:

**Knowledge about customers** - which is the most important knowledge in most organizations, process knowledge – i.e. the implementation of best practices when performing basic tasks, knowledge of products (services) - a better solution, adapted to the needs of customers, knowledge of the people - the maximum utilization of mental capacity, the most important resources that each individual has, Organizational memory - drawing conclusions based on past experience and knowledge gained in other parts of the organization, knowledge of issues - knowledge that each of the individuals has, that form the basis of successful cooperation, Intellectual capital - measurement of the knowledge organizations and individuals have, managing it.

**The concept of logistics**; it is a scientific discipline that comes from the Greek word **logistikos**, which means skilled and experienced in a good conclusion and evaluation of all the elements needed to make optimal strategic and tactical decisions. In some versions, it is possible to encounter the definition of happiness 7 "R" (Seven "Rights"<sup>99</sup>) for which is sometimes said that it is the amateur description of logistics. It says, "*To ensure availability of the right product, in the right quantity, in the right condition, at the right place at the right time, and for the right buyer at the right price,*"<sup>100</sup>

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<sup>99</sup> Right (rajt)= pravo

<sup>100</sup> Internet, file:///B/Chap03-l.htm, 09/03/1996.



Military logistics including transport, accommodation, rest and supplying troops, and transport, storage and maintenance of military equipment and technology. Since 17 century to the present, the logistics is developed and established as a military discipline.

Logistics is a business that deals with overcoming space and time at the lowest cost. In modern terms are commonly used to refer to business functions and scientific discipline that deals with the coordination of all movements of materials, products and goods in the physical, informational and organizational point of view.

It is a circular process of procurement through production and sales to consumers.<sup>101</sup>

Logistics management is the subject of great interest, both scientific and managers of modern companies from different fields. As one of the most propulsive disciplines, logistics management is increasingly finding its place in educational programs directed toward education of experts in different areas, especially managers in logistics. The reason is certainly that, "the logistics examines of the so far neglected, but very significant area of economy, which refers to the flow of goods and information from supplier through manufacturer to customers or consumers, including their reverse flow."<sup>102</sup>

## HOW TO ACCEPT KNOWLEDGE

Every man is a specific individual, a secret to themselves and others; people learn at different speeds. Some team members will pick up new skills quickly, while others need constant repetition of instruction and supervision during practice. There are several ways to classify types of learning, but all fall under the so-called "domain". These domains belong to the following four categories: cognitive, psychomotor, affective, and interpersonal skills.

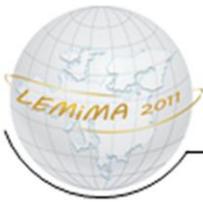
**Cognitive domain:** This means that learning involves the mental ability of classification, identification, detection, and decision making. This type of learning is reduced only to selected individual pace of learning through interactive programs. Cognitive domain makes self-controlled instruction, sometimes called auto-instructions.

**Psychomotor domains:** These are manipulative or physical skills requiring students to do something. In the work processes, psychomotor skills are found everywhere.

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<sup>101</sup> [www//:hr.wikipedia.org/wiki/Logistika](http://hr.wikipedia.org/wiki/Logistika)

<sup>102</sup> Barac N, i Milanovic G, *Strategijski menadžment logistike*, Studentski kulturni centar Niš, PETROGRAF Niš, 2006, strana 2.



**Affective domain:** are the skills that are reflected in attitudes, values, and interests of the working team. Personal leadership, boss, supervisor as coach, is one of the way to facilitate learning with an attitude. Attitudes can be learned. The importance of good positions in industry is a vital and important feature. However, affective attitude training is harder than any other type of training, it is very difficult to measure and value and at the same time remain objective and realistic.

**Interpersonal domain:** learning involves interaction between people. These types of skills are crucial support to total quality and industry. These are aimed at people skills, which include ability to establish a connection with others. Examples include teamwork, counseling techniques, administrative skills, ability to trade, news, activities, and relationships with customers.

Usually learned skills in fact contain elements from all domains. They require voluntary exposure (affective) to observe certain actions (motor skills) that indicate the possession of mental skills (cognitive) and work with other people and through people in order to satisfy consumer needs (interpersonal).

We learn through our senses: seeing, hearing, touching, smelling and trying. The most important sense for training is the sense of sight. When giving instructions, you should use as many senses to convey a message. Show as much things as possible. Instructional techniques can be divided into two areas: passive and active techniques. Passive techniques require little or no activity of students. It is therefore difficult to assess what was learned. Passive techniques include To Talk: using words to explain, To Show: Coaches run activity; To Illustrate: the use of visual materials. Active techniques that require the student to participate, saying or doing something: Q & A, check whether the information is understood; Participation and involvement of students; Discussion, participants are involved; Practical exercises, students practice. The best training techniques to learn are obviously "active".

Experts in coaching typically agree to keep 20% of what we hear, 50% of what we hear and see, 70% of what we hear, see, and say and 90% of what we hear, see, say, and do. In seeking ways that knowledge becomes a capital, many organizations are trying to transform it from an abstract category in the specific, measurable value. Such efforts are closely related to new concepts: from computer science and technology, process, until the new business culture. Some estimates say that 70 - 80% of what employees in organizations know is hidden. This means that most organizations today do not really know what they know.

Acquisition of knowledge (training system) is usually considered through the prism of knowledge management systems, which may be of varying complexity, depending on the developmental level of business. The company dealt mainly of small business and/or performs specific tasks, so it comes to managing tasks and simple training system.



Medium enterprise (e.g. type of joint stock company) handled more (group) tasks, which make the business process (or more), so it is a different level, i.e. *management of business processes* with more complex training system. At the third level of business investment are made and innovation projects, and appropriate training system for the *management by goals and projects*. The largest companies formed a specific system of values, corporate culture and innovation, and appropriate development philosophy, so that at the fourth level of training system, *management by values* plays the role.

People should take responsibility for their knowledge and quality of work they perform, without waiting for the initiative to acquire knowledge from reaching higher levels of management. Recognizing this it can be concluded that the future and perspective have the societies, organizations, and individuals who will have the necessary knowledge and skills to enable them to overcome such powerful and interconnected forces, such as speed change, complexity, and uncertainty surrounding the time.

In the book, "*Accelerated Learning for the 21<sup>st</sup> Century*", Colin Rose and Malcolm Nichols authors said that future belongs to those who successfully overcome three things: - accelerated learning - more memory - creative thinking. To a good and secure job will be able to count only those individuals who are adaptable to the conditions and time, and those that constantly renew and revise the old and new knowledge gained.

Characteristics of acquiring new knowledge, abilities and skills necessary to take on new and more complex and demanding tasks in the organization or the development of existing businesses affect the development potential of not only workers but also the organization as a whole. Education and training of employees are considered one of the most important functions of human resource management. It is designated by various concepts and words. Commonly used terms are training, training, learning, education, training, and staff development. Some meaning no need to distinguish such as training and education because their meaning coincide.

Types of knowledge according to North, K<sup>103</sup>

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<sup>103</sup> North, K.: *Wissensorientierte Unternehmensführung – Wertschöpfung durch Wissen*, Wiesbaden: Gabler, 1998.

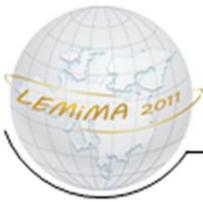


Table 1: Types of knowledge and their spreading

<b>Types of knowledge</b>	<b>What's learning</b>	<b>How to learn</b>	<b>How to spread knowledge</b>	<b>Media of spreading</b>
Meta knowledge	To know „Why“	Reflexive	Communicating	Books, bases, lecturers
Explicit knowledge	To know „What“	By listening, reading	Communicating	Books, bases, lecturers
Tacit knowledge	To know „How“	Using, acting	Brainstorming, competition	Practical experience, learning, training
Hidden knowledge	To know „How to learn“	Socialization	Using target groups	Examination, Making assumptions
Relationship knowledge	To know „Who is Who“	Interaction	Partnership, team work	Social institutions

## **INTELLECTUAL CAPITAL AS A SIGNIFICANT FACTOR OF LOGISTICS SERVICES**

New business terms and conditions, in giving greater importance to intellectual, not physical, and financial resources in creating value, necessarily led to changes in the thinking of managers as well as necessary changes in management practice, which is necessary to take in the struggle to maintain competitiveness.

Table 2 shows some elements that can make the difference between the characteristics and conditions in the so-called “old” and “new” economy, i.e. management paradigm.



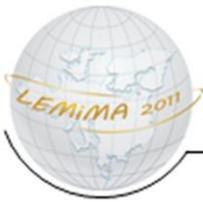
**Table 2:** Elements of the Old Economy and New Economy

Characteristics	Characteristics of the old economy	Characteristics of the new economy
Worker/manager relationship	Hostile	Cooperation
Work force	Specific working skills	Different skills
Relationship with other companies	Independent work	Association and unions
Source of comparative advantages	Economies of scale	Innovations, quality
Key technology driving force	Mechanization	Digital technology
Key development driving force	Capital/work	Innovations/knowledge
Production organizing	Mass production	Flexible production
Organization structure	Hierarchy, bureaucracy	Team work

New economy is characterized by a much larger investment in new concepts of operations and their methodology, but the equipment. What is perhaps the most significant for the new economy, it is constant presence of minor or major changes - improving business performance. The new paradigm suggests that on the market will survive, only those companies that continuously seek adjustment of the business needs of the market, which is characterized by flexibility in terms of rapid adaptation to changes, whether they come from the customer, competition or from the company.

Many firms still have problems to adapt to the demands that new economy brings. One of the obstacles, in addition to the culture or structure, may be insufficient and inadequate application of management concepts that will reflect negatively on the company's success.

When considering the work (labor, intellectual capital) as a factor of production logistics services, it is proper to say that this is only the work that has been placed on the logistics



market, no matter what segment of that market is (transport, forwarding, storage, etc), but not work (intellectual capital) that is engaged in the manufacturing process of logistics (transport) infrastructure. Work (labor, intellectual capital) as an element of production of logistics services is certainly the most important factor in the process of logistics services. Because high quality work and basic assumption are the most important factors in the production process of logistics services that directly and intensively influence security, speed, reliability and rationality of manipulation, transport, storage, freight (and passengers). Furthermore, human resources are the basis of new and nontraditional ways of thinking and decision by which the strategic goal of logistics companies can realize increased scope of logistic services, while lowering costs and influence the creation of a fluid organizational structure that can anticipate market trends and respond to market changes, compressing time cycle in all its sizes. Logistics systems (micro-, macro, global,) of all kinds at all levels could not function without the existence and application of high quality intellectual capital of the phenomenon, even in cases where such systems have modern transport and traffic structure, the actual commodity and passenger flows, large demand for logistics services. Intellectual capital pre-determines business of logistics company and a new transport and logistics managers arming with knowledge. Only creative and innovative managers can quickly make rational decisions, i.e. to provide optimal mix of human and financial resources, putting resources in the logistics company able to function on the market of logistics services. Furthermore, the intellectual capital and human relations are based on an appropriate organizational culture and logistics company porosity of its management structure, becoming a major factor in increasing the efficiency and effectiveness in the market of logistics services. Therefore, the structure of intellectual capital consists of (1) human capital, such as ability, knowledge and skills of employees, conduct intelligence in the new conditions, etc. (2) structural capital, it is the infrastructure of the company like the nervous system by which company operates, and (3) consumer capital, those are relations of the company with partners who are the buyers of goods and services today and in the future. Human resources i.e. intellectual capital along with the financial resources represents basic prerequisite for the success of logistics operators in the market of logistics services. Human resources must be satisfying, not only quantitative but qualitative too, i.e. of the aspects of personnel who have appropriate qualifications, knowledge and skills to perform their organizational tasks. Nevertheless, besides that, even when the human resources are adequate in number and the required knowledge and ability is available, knowledge and skills must be focused on the manufacturing advantages. The company's ability to shift resources (capital and people), in accordance with changes of key functions that occur during the production of certain logistics services or full package of logistics services is a key factor for building competitive advantage in at least one of the key functions. Namely, as the management company takes care of the free use of financial resources, so the business and especially personnel policy had to work on the use of human resources and relevant expertise. The use of human resources, continuous increase their knowledge, it will support the use of other resources at much higher rates, multiplying the benefits of logistics companies in the market of logistics services. The top management of logistics companies bear the main responsibility for the use of human resources and relevant expertise. Such liability does not derive from the function, but primarily because



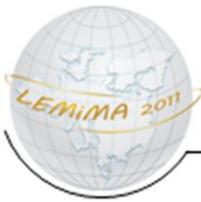
the small logistics companies do not have sufficient knowledge or financial means to market competition, and their chance to create a competitive advantage must be sought in specific logistic knowledge and skills usually associated with a particular economic sector. Multinational companies know a lot about many countries (markets), and the biggest difficulty for them is to adapt to different conditions (requirements) that reigns there. The global company is entirely safe in one, and this is true for all countries to the same extent, it is not known how many countries are different, but what they are similar with. Intellectual capital is becoming the most valuable assets of logistics company niche and can become its sharpest competitive weapon. Consequently, the challenge is to find what logistics company knows best work - and how to engage and exploit own resources and potentials. Further, since the area of logistics cannot be easily automated, and because information technology generally allow to perform the same tasks faster, more accurate, etc. intellectual capital doesn't lose its meaning, but the efficiency and effectiveness of logistics companies directly depend on human creativity, organizational skills, and innovation.

## **RESUME**

Today knowledge management is developing both in theory and in practice management. Perspectives for its further development are large. For the twenty-first century is said to be the century of knowledge and imposes the unpredictable competitive environment in which the survival ability of the organization depends solely on its rapid adaptation to contemporary business conditions. The main quality of a modern organization should be quality products, innovation, knowledge, and creativity. Companies will be differentiated based on what they know. It is therefore very important role of knowledge management as a concept of collective knowledge, aimed at effective application of that knowledge in business processes to make quality business decisions fast.

Human resources will continue to play a central role in developing management skills. It is therefore necessary to develop these resources to be successful. The concept of knowledge management is one of the main ways in which the challenges and dangers of modern and unpredictable business environment turn into an opportunity of successful operation of modern organization and on this basis build a competitive advantage.

New research suggests that only those companies that continuously seek adjustment of business needs of the market will survive on the market, which is characterized by flexibility in terms of rapid adaptation to changes, whether they come from customers, competitors or from the company. Many firms still have problems to adapt to the demands that new economy brings. One of the obstacles, in addition to the culture or structure, may be insufficient and inadequate application of management concepts that will reflect negatively on the company's success. Since there is no doubt that the importance of intellectual capital is growing exponentially and



that intellectual capital is not a resource, i.e. potential that can be stored and saved for emergency, transitional countries have existing intellectual capital to put in function of their own economies, so that the ratio of own economic system is into line with regional and/or global economic system offices on the principle of the greater benefit or, as is not infrequent, according to principle of the lesser own damage.

Intellectual capital and human relations based on an appropriate organizational culture and logistics company porosity of its management structure, becoming a major factor in increasing the efficiency and effectiveness on the market of logistics services.

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# TEMPORARY CUSTODY IN MODERN CONDITIONS WITH SPECIAL REFERENCE TO SERBIAN LEGISLATION

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## **Abstract:**

*Parallel to the integration processes between states and disappearance of fixed boundaries between them, there was a development of global civil society and its new actors, such as international organizations involved in the promotion and protection of human rights which have an increasing role in this sphere, from international plan and the level of the UN system, to national and local levels, influencing the spread of a culture of respect for human rights, their integration into national legislation and development of international, regional and national mechanisms for the protection of human rights. Within the set requirements, there was a need to emphasize the necessity of creating such a system of guardianship, including the Institute of temporary guardianship, which meets international standards of human rights. The aim is to stress the importance of temporary custody in this area, the problems in the implementation of regulations pertaining to them because of their vagueness and lack of clarity. In many cases, the regulations are inconsistent, mainly because numerous laws regulate the temporary guardianship.*

## **Keywords:**

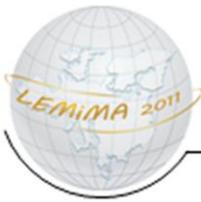
*temporary guardian, collision guardian, collective guardian, custodian willing, human rights*

## **INTRODUCTION**

Guardianship is a legal institution aimed at protecting personal rights and interests of persons who are partially or totally incapable of doing business - an adult ward, and children without parental care - juvenile ward.<sup>104</sup> The custodian of the old and the person and property of the minor and adult residents and includes his representation.

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<sup>104</sup> Under full capacity, we mean the ability of a natural person to express his will, creates rights and obligations, and take legal actions. To acquire business skills a certain age and psychological characteristics of personality are



Guardianship has a powerful influence on the lives of protected persons. Such persons will lose the right to make basic decisions and the right to enjoy basic human rights. Misusing and neglecting are the consequences of failure to meet obligations of a guardian to protect the person under guardianship and their interests. Therefore, an effective parenting system should monitor guardian's actions, and to provide an effective system of responsibility.

Temporary guardianship provides temporary protection. Subjects of temporary guardianship are both, legally capable and incapable persons of doing business. Subjects of temporary guardianship are, therefore, adults who are legally capable persons, adults incapable of doing business, minors whose parents exercise their parental rights, and minors under custody. Temporary custody means protection for a particular legal transaction or a particular type of work, or protection during some controversial situations.

International conventions, declarations, and protocols that accompany them provide the basis and conditions that international standards in this area are realized by signatory countries through national legislation. Incorporation of international standards into national legislation of the signatory countries and their consistent application enables equal and equal exercise of rights for all people.

As there are many cases provided by law in which institute of the temporary guardianship is encompassed, it is necessary to give special consideration, and to draw parallel in relation to previous legislation.

## **TEMPORARY CUSTODY ACCORDING TO APPLICABLE LEGISLATION**

### **Temporary custody in the Family Law**

The competent court may decide to appoint a temporary guardian to the adult ward, a child under parental care, business capable person, if it deems it necessary for the temporary protection of persons, rights, and interests of such persons.

The guardianship authority is obliged to set a temporary custodian to a person whose residence is unknown, if the person has no legal representative or attorney; under above mentioned conditions, if the owner of the property is unknown, to a person whose interests are contrary to the interests of the legal guardian, or persons who have opposite interests and the same legal

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required. A person may be partially or fully lost the capacity if, due to illness or disturbance in the psychophysical development, threatens its rights and interests. A child without parental according to Article 124 of Family law is a child whose parents are not alive, whose parents are unknown or their residence is unknown, whose parents are completely deprived of parental rights or legal capacity whose parents have not acquired the capacity to act, a child whose parents are deprived of protection, raising, education and child whose parents do not care about the child or do that in an inadequate way.



representative; to foreign citizen who is on the territory or has property in the Republic of Serbia, to person who request a temporary guardian having a legitimate reason for that, and to another person when required by law. Decision on setting temporary custodian determines the legal action or legal business that can take a temporary custodian.<sup>105</sup>

Opportunity and the duty of authorities to set temporary guardian is related to the assessment of this body on the necessity of temporary protection of personality rights and property, that duty exists when the necessity for this type of protection is determined.

1. As for the appointment of a temporary guardian to minors, several situations should be singled out:

- Regarding the procedures of deprivation of parental rights

In the process of deprivation of parental rights in every case, the need for foster care estimate. It is necessary to distinguish the situation when another parent or child starts the procedure. If guardianship authority or the prosecutor starts proceedings, the necessity of this kind of protection is certain, which would be the case if the procedure were initiated against both parents or against one if he is the sole parent.

In these cases, temporary guardianship has a duty to not only take certain actions in the proceedings, or initiate proceedings, but also to take full care of the personality, interests, and assets of the child during the proceedings. He is here with the duties and powers of a permanent guardian, on the period until the controversial situation of custody rights is resolved.

- If between child and his legal representative no conflicting interests, then the child sets the collision guardian. A child who has attained 10 years of age may only require from the guardianship body to appoint a temporary guardianship or court to appoint a temporary representative (collision guardian).<sup>106</sup>

A collision guardian is required to ensure that the child receives timely notices that requires, to provide explanations of the possible consequences of acts taken by the court, and to convey the opinion of the child if the child itself did not express before the court.<sup>107</sup>

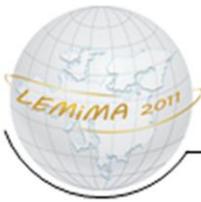
There are a number of situations where the interests of parents actually do not conflict with the interests of the child, but due to validity of the legal work, it is necessary to set child's temporary guardianship (gift contract between parent and child when the child is receiving the

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<sup>105</sup> Član 132. Porodičnog zakona RS

<sup>106</sup> Član 265. Porodičnog zakona RS

<sup>107</sup> Član 267. Porodičnog zakona RS



gift. In this situation, it does not prejudice the interests of the child to enter into such a legal transaction. The mother, after the death of the father of the child, sues the child to establish her part in the marriage and claiming inheritance.)

- In situations of immediate separating of the child, a temporary guardian awarded to the child before the initiation of court action for deprivation of parental rights. The reasons of the child safety that has been formally under parental care require immediate relocation of the child and the parent is opposed to the relocation of the child and is unable to provide protection, to child must be given temporary guardianship, and proceedings before the court for deprivation of parental rights immediately initiate. On that occasion, a decision on accommodation in the form of provisional conclusion on the provision of accommodation is made.<sup>108</sup>

2. When we speak of a temporary guardianship of adults, we primarily refer to legal capacity persons. Adults who are deprived fully or partially of the working ability are under the guardianship so there is no need for this kind of protection, except when awarding a collision guardian.

- Temporary custody of the absent person is intended primarily to protect the interests of person whose residence is unknown, and no attorney. Temporary custody in this case can be protected the rights of the third party and the onset of damage.

In the temporal custody of a missing person, there is a presumption that the person no longer lives (a missing person is not considered dead until it is proven in court procedure).

- Custody over property of unknown owners shall be established when there is property that should be protected, and the owner is unknown. The owner may be a physical or legal person.

- A temporary guardian is appointed to foreign citizen when there is a need to protect such a person residing in Serbia or has property in the territory of Serbia and only exceptionally and until the competent authority of the state of the foreign citizen does not make a decision and fails to take necessary measures. Consular offices, among others, have the function of action in the capacity of civil status and provide protection within the law and regulations of the receiving state, the interests of minors and incompetent businesspersons, citizens of given states, particularly when the establishment of guardianship is required for them.<sup>109</sup>

- The custodian body appoints temporary guardian to business capable person on its request.

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<sup>108</sup> Član 332. Porodičnog zakona RS

<sup>109</sup> Član 5. Bečke konvencije o konzularnim odnosima



There is a duty of custodian body to appoint a guardian if the guardian's care is necessary and if there are good reasons for it. This type of temporary guardianship is very similar to the power of attorney, except that in giving of authorization, there is no participation of the guardianship.

As the power of authorization, the voluntary guardianship terminates by the will of the person to whom temporary guardian is appointed, i.e. on its own request. This type of custody is justified only if the person to whom a guardian is appointed cannot control the work of the representative.

### **Temporary custody under the Law on Civil Procedure**

According to the law on Civil Procedure, the court shall award a temporary representative:

- If the defendant is not capable<sup>110</sup> of litigation and has no legal representative<sup>111</sup>,
- If there are conflicting interests of the defendant and its legal representative,
- If both parties have the same legal representative,
- If the residence, i.e. residence of the defendant is unknown and the defendant has no representative,
- If the defendant and his legal representative, who have no proxy, living abroad, and delivery could not have been performed

The court may award a temporal representative to juristic person.<sup>112</sup>

Temporary representative has all the rights and obligations of a legal representative.<sup>113</sup>

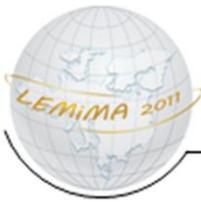
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<sup>110</sup> Everyone is capable for litigation within his or her legal capacity. A minor, 15 years old person is legally capable and can work if it has litigation capability in its legal disputes.

<sup>111</sup> It is not clear how the term legal representative is justified at all. Minor children have a legal representative. Guardian of the person under custody should not be called legal guardian. Law provides conditions of deprivation of legal capacity and the requirements of awarding a custodian, but that is not legal representation. Legal capacity is lost due to a court decision; a guardian is awarded by decision of the guardianship. It does not exist by the law like is the case with the parent as a legal representative. According to this, as temporary guardian should be temporal legal guardian.

<sup>112</sup> Član 79. Zakona o parničnom postupku

<sup>113</sup> Član 80. Zakona o parničnom postupku



Civil Procedure Law provides awarding of a temporary proxy to accept letters for the party or its legal representative, who is living abroad, as well as litigants if they cannot identify that person.<sup>114</sup>

### **Temporary custody according the Law on extrajudicial proceedings**

- In the process of deprivation of legal capacity, the law provides the presence of a temporal representative to the hearing and his hearing.<sup>115</sup> Temporary representative is a temporary guardian awarded by the authority body protecting the rights and interests of the person deprived of legal capacity in the proceedings and all other jobs during the procedure.

- In the process of declaration of a missing person as dead person, court conducting the proceedings may order the guardian and notify the guardianship authority or shall invite it to award the guardian in certain period for the proceedings.<sup>116</sup>

- A special guardian awarded by the court or the guardianship authority in the procedure for deprivation of parental rights represents child.<sup>117</sup>

- If you are expecting the birth of a child who would be invited to the inheritance, probate court shall notify the guardianship authority. If the competent court determines otherwise, one of the parents will take care on the rights of the unborn child.<sup>118</sup>

This regulation is in accordance with Article 3 of the Law on inheritance according to which the successor could become an unborn child already conceived at the time of the decedent's death.

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<sup>114</sup> Član 141. i 142. Zakona o parničnom postupku. Authorized to accept is in the fact a temporary guardian for only one specific action – letters receiving, much like the guardian for special cases known in previous Law on Marriage and Family Relations, as this is a situation when the party does not express its will, makes admission and court appointed it.

<sup>115</sup> Articles 35. and 37 of the Law on extrajudicial proceedings, although this person is not under guardianship, but may only have a temporary guardian. Law is not encompass awarding a temporary guardian, or refers to provisions of other law.

<sup>116</sup> Article 60 of the Law on extrajudicial proceedings. The whole law on extra-judicial procedure is abundant of terminology inconsistencies. Articles regarding the deprivation of legal capacity say about temporary representative or guardian. Guardian cannot be, but only a temporary custodian. Guardian is awarded only after completion of the procedure and a court decision, to a person lacking legal capacity, in the provisions of the declaration of missing person as deceased, immediately followed by the guardian to represent in this proceeding.

<sup>117</sup> Article 72, Paragraph 3 of the Law on extrajudicial proceedings. There is still a terminological inconsistency and inaccuracy. Here is the case of temporary custodian for representation in the proceedings and during its life cycle.

<sup>118</sup> Article 112 of the Law on extrajudicial proceedings. If guardianship authority does not decide that one of the parents should take care of the child interest, it will award a temporary guardian for child.



### **Temporary custody according to the Law on inheritance**

- If it is not known whether there are heirs or not, their domicile or residence, in cases when necessary, the court will award a temporary guardian to successor. The court may do this at the request of the creditor, note deliverer, and on behalf of order user. Court informs the guardian body on this which may award another guardian. Temporary guardian legacy is authorized to sue and be sued in the name of successor, to demand claims and pay debts and deliveries, and to represent heirs, in general.<sup>119</sup>

### **Temporary custody according to the Law on general administrative procedure**

- If legal unable person has no legal representative, or some action needs to be taken against individuals whose present place of residence or domicile is unknown, and that person has no attorney, the authority conducting the procedure will award a temporary representative to the party if that is necessary by the urgency of the proceedings and report guardianship authoritative on that. Temporary representative can be awarded to a legal entity when it is necessary to perform an action that cannot be postponed, and a party, its legal representative and the attorney is not possible find in a timely manner.<sup>120</sup> When it is unable to establish domicile or residence of the person to whom delivery should be made, the authority, which issued in writing note to such person, shall award a temporary representative for receiving of documents.<sup>121</sup>

## **TEMPORARY GUARDIAN IN RELATION TO EARLIER LEGAL SOLUTIONS**

Previously, the law on marriage and family relations offered a different solution of the Family Law. Under the law, the court in which the proceeding of deprivation of legal capacity is in progress was informing the competent guardianship authority on that, which was awarding a temporary guardian to a person who is deprived of legal capacity. On the powers and duties of the temporal guardian, the provisions of guardianship had applied relating to minors who have reached 14 years, but the guardianship body, if necessary, could expand the application of the

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<sup>119</sup> Član 210. i 211. Zakona o nasleđivanju

<sup>120</sup> Član 45. Zakona o oštem upravnom postupku

<sup>121</sup> Član 75. Zakona o opštem upravnom postupku



provisions relating to minors under 14 years. Obligations of a temporary guardian stopped when permanent guardian was awarded or the court decides that there is no reason for deprivation of legal capacity.<sup>122</sup> This law envisaged awarding of a guardian for special case for certain jobs or certain type of job, to an absent person, a person of unknown residence or temporary residence, an unknown owner of the property, in other cases when necessary to protect the rights and interests of certain persons. Such guardian could be awarded by the court or other authority before which the proceedings are conducted, and to inform guardian authority.<sup>123</sup> In cases where children have a dispute with their parents, when they should be able to conclude a legal transaction, in cases of dispute between persons under custody and guardian, or in case of concluding a legal transaction between them, and when they have the same guardian or legal representative in the dispute or to conclude a legal transaction, a guardian shall be awarded for special case.<sup>124</sup> In making its decision, the scope is accurately determined; duties and rights of guardians taking into account the circumstances of given case.<sup>125</sup> At the request of legal capable juristic person, guardianship authority may award the guardian to such persons to perform certain tasks, if they are unable to take care of their rights and interests due to poor health and other legitimate reasons. Guardianship body took the measures to protect foreign nationals if the authority of the state whose citizen does not make the necessary decisions and take certain measures.<sup>126</sup> Therefore, according to this law, a temporary guardian was appointed only for the duration of the procedures that define status, and in all other proceedings a custodian to a special case under what is involved and the collision guardian was appointed.

## RESUME

When the rules that regulate the temporary guardianship are observing concurrently, the most obvious thing is terminology inconsistency. All laws, except Family Law, use the term temporary representative, other than inheritance custodian. Family law adopted the term guardian, not custodian that was used in the Law on Marriage and Family Relations. In interpreting the standard, the question what is the legal representative raise. Without any doubt, that is a parent, but a common view that it is the guardian of a person deprived of legal capacity, although this property is not acquired by force of law, but based on the decision of the guardianship. The parent is the legal representative according the law itself, and if it is unfit that needs to be proved, the guardian is primarily assess its eligibility, and then a decision on awarding is made. Regarding to temporary guardianship, there are several bodies that may

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<sup>122</sup> Čla. 278. Zakona o braku i porodičnim odnosima

<sup>123</sup> Član 281. Zakona o braku i porodičnim odnosima

<sup>124</sup> Član 282. Član 282. Zakona o braku i porodičnim odnosima

<sup>125</sup> Član 285. Zakona o braku i porodičnim odnosima

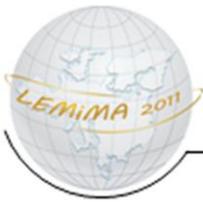
<sup>126</sup> Član 283. i 284. Zakona o braku i porodičnim odnosima



decide in the same situations. Previous legislation on marriage and family relations isn't cited the collision custody as a particular form of custody, but under the terms of the guardian for special cases. By this law, other than language differences (guardian-custodian), in relation to family law, the main difference is that it knew temporary custody during the process of solving the status of persons and the temporary guardian had a permanent guardian powers, but was timely restricted to duration of the procedure of deprivation business skills. Guardian for special cases represented the interests of these persons cited by law for specific legal issues or specific cases (which do not address the status) before the court and government agencies. Family law recognizes only a temporary guardian and collision guardian. Cases of temporary custody are enumerated and include the custody of certain legal matters and representation in certain proceedings, and temporary custody during the proceedings of deprivation of parental rights and legal capacity. In these proceedings the temporary guardian can represent in court, then take the precise legal action, but may take any other precautionary measures during these procedures, which can lead to confusion, perhaps even in rare cases up to abuse. This can be avoided only if the disposition part of the decision on awarding temporary guardian clearly specifies the duration and legal work - authorization of temporary guardian. Family Law provisions are harmonized with international documents, especially with the European Convention on Human Rights and the Convention on the Rights of the Child. European convention on human rights, in article 1, binds to respect human rights in general, and Article 6 binds to respect the rights of every individual to a fair trial. Convention on the Rights of the Child in Article 4 stipulates the obligation for all members to exercise the right of the child, and in Article 12, that child must be informed of the procedures relating to it and can express their opinions, where a temporary guardian, the guardian, or legal representative have a significant role. According to article 20 of the convention, every child deprived of family environment is entitled to special protection. When this whole problem is realized, the need and necessity for the codification of legal rules governing custody in general, and temporary custody, which is scattered in many laws and regulations, came to the forefront.

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## PRINCIPLES, FUNCTIONING OF THE TAX SYSTEM AND EFFECTS OF TAXATION

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### **Abstract:**

*The state as the dominant form of organization of modern society cannot exist without an income generated of taxation and according to this; we can say that modern society cannot exist without taxes. In this light should be considered the importance of studying tax theory and practice.*

*Studying the financial activities of the state from micro and macroeconomic perspective, the knowledge of interdependence, connection of actions and measures of fiscal policy allows the financial system and its instruments to use them successfully to realize the many, varied goals of economic, social, demographic, cultural, educational, and scientific policy of the country. Through taxes inequality in the distribution of national income can be reduced, which should lead to expansion of the internal market through state spending of tax funds collected. On the other hand, taxing of the wealthy social classes should have its effect to reduce imports of luxury goods.*

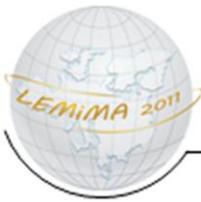
*Over tax discrimination, it is possible to achieve favoring certain investments that are considered to have a decisive influence in the development of national economy.*

### **Keywords:**

*state, finance, fiscal policy, taxes*

## INTRODUCTION

Modern state affects consumption by taxes, savings, investments, balance of trade, and balance of payments. Measures of tax policy affect the integration of enterprises, technical and technological progress, providing the means for development, etc. Contemporary reject theory of liberalism of the unacceptability of state interference in the regulation of economic trends. Government intervention is needed in the economic relations between economic entities, in order to acquire proof of income and impulses for economic development. Taxation provides extra-profits i.e. different annuity forms, which are the result of external factors. Tax policy measures are directed at more effective achievement of program development.



Economic stability is obtained over instruments of installed, automatic stabilizers. These instruments automatically respond to disturbance of economic balance and change of gross product, and contribute to stabilization. Changes in tax rates and tax cuts become an instrument of discretionary tax and budget policy.

Tax policy is part of the economic and social policy. It includes the coordination of state institutions through the collection of public revenue to distribution, exchange, consumption, and production in a given national space and time in line with socially acceptable goals and objectives.

Tax policy measures rely on the tax system under which we mean all taxes, contributions and other benefits that make public revenues on one side and all forms of public spending and regulations governing them, on the other side.

To establish a coordination of action of the instruments and realize goals that are a priority, economic policy i.e. tax policy has to solve the problems of internal delays through timely perception of disorder, and then making decisions - determining tools and their application.

## **PRINCIPLES OF TAXATION**

Studying the reasons for taxation and tax purposes, we can see for what things funds are raised through taxes, and how is that justified.

In this regard there are certain principles, i.e. principles of taxation that have task to set certain requirements in relation to obtaining financial resources for financing public expenditures.

In 19<sup>th</sup> century, Adolph Wagner, German research worker formulated and systematized the principles of taxation.

He grouped tax principles into four groups, namely:

- Financial tax principles, which consisted of abundance and elasticity;
- Economic principles, which consisted in the proper selection of tax resources and maintaining the effects of certain taxes;
- Social principles, which included the universality and uniformity;
- Financial and technical principles, which included the legality, convenience, and low cost of taxation



In "The Wealth of Nations" (1776), Adam Smith<sup>127</sup> proposed four principles to be followed in taxation, as follows:

1. **Principle of generality** - all citizens of one state should pay taxes to support public administration and in proportion to their income that they enjoy due to its protection.
2. **Principle of specificity** - should be clearly noted what tax form citizen should pay, when and in what amount.
3. **Principle of comfort** - every taxpayer should be taxed at the time and place when it suits him.
4. **Principle of economy of the collection** - any tax should also be arranged to take people out of people's pocket as little as possible beyond what is necessary to state treasury.

The tax system in modern states is the most important form of public revenue, the instrument which state use to take financial funds of the subjects by force without providing return favor to cover its financial needs and achieve social and economic goals.

Tax system depends on following factors:<sup>128</sup>

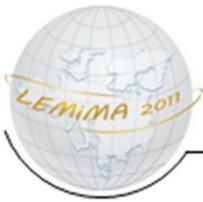
- Development of the economy,
- Socio-economic system,
- Flexibility of individual taxes,
- Labor force structure, and
- Degree of the economy openness

According to financial and political principles, taxation must be built to cover all state expenditures. The group of these principles includes:

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<sup>127</sup> Smit Adam: *Istraživanje uzroka bogatstva naroda*, Global Book, Novi Sad, 1998.

<sup>128</sup> Frank Robert and Bernanke Ben: *The principles of economics*, McGraw Hill/Irwin, New York, 2001.



1. **The principle of abundance** - the tax system should be plentiful, i.e. should provide sufficient funds to meet public needs. The state needs such a tax system that will properly and non-inflationary provide sufficient funds to cover all regular public expenditure as well as smaller or larger amount of funds to cover certain extraordinary expenses.

2. **The principle of flexibility** - a requirement that taxes are as quickly as possible and fully adapted to changes of the amount of public expenditure. The tax system should be flexible i.e. to ensure that tax revenues are growing faster than national income and that for this purpose does not introduce new taxes and not to increase tax rates.

We can distinguish financial and economic resilience taxes.

Financial flexibility includes the property tax to adjust to changes in public expenditure. If the taxpayer's income drops, its consumption of products such as alcohol, cigarettes and the like will not decrease.

If the taxpayer's income growth and monitor the growth of public expenditure is a question of economic resilience and the state does not have to change tax rates, because that increases the taxpayer consumption growth and thus tax revenues.

### **The economic tax principles**

According to economic principles, the method of taxation in one country should be stable and not to impair the economic livelihood of the taxpayer. This means that taxes should not be too high. This group of principles consists of the following principles:<sup>129</sup>

- 1) The principle of efficiency,
- 2) The principle of moderation in tax burden
- 3) The choice of tax sources,
- 4) The principle of flexibility,

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<sup>129</sup>Popov-Ilić Gordana, Pavlović Đorđe: *Leksikon javnih finansija*, Zavod za unapređenje i rentabilnost poslovanja, Beograd, 2003.



- 5) The principle of stability of the tax system, and
- 6) The principle of identity of the tax payer and tax bearer

## FUNCTIONING OF THE TAX SYSTEM

The sum of all applied tax categories, the division of defining taxes between central and lower levels of government, methods, and techniques of tax collection and tax administration institutions make the tax system. In addition to be fair, a good tax system should also be efficient, which means that it should not impose "excessive burden", and that costs of managing tax liabilities and taxpayers should not be excessive in relation to income received. Tax systems in many respects are different in different states, but what they have in common is that tax revenues for government at all levels come from many sources.

The entire procedure of taxation implies the existence of adequate tax techniques to reach the expected effects of taxation. Some of which include *self-taxation* (tax payer itself determines and pay taxes), *withholding* (the company which pays income tax deducts and pay tax amount), *tax apportionment* (tax authority assess tax on the basis of a document or record) and *ruling* (determination of the conditional tax when, in the case of larger items determining the amount of the tax is required before settlement date). Within a given tax system, an important tool of tax policy options are combinations of tax rates and tax bases. The tax base can be altered by changing the field of tax incentives and exemptions. Increasing of the tax base will provide necessary level of tax revenues maintenance regardless to reducing of tax rates.<sup>130</sup>

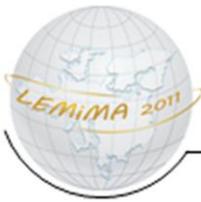
The amount of tax provided for payment, i.e. *tax debt* is determined by in following way, tax rate apply on the tax base (usually expressed in %, and only exceptionally in the case of specific taxes in absolute amount).<sup>131</sup>

The function of the tax amount ( $T = T(Y)$ ) is not necessarily continuous and differentiable. To describe the characteristics of a tax, other than function of the tax amount, the *average tax rate* is used, which shows the average income tax burden ( $t(Y) = T(Y)/Y$ ) and *marginal tax rate*, ( $t'(Y) = dT/Dy$ ), which shows what part of an additional unit of income earned will be paid to state in form of tax and how much state income will increase if the income is increased by 1. Relationship between marginal tax rates ( $dT/Dy$ ) and the average tax rate ( $T(Y)/Y$ ) the *elasticity of taxes relative to income* obtains ( $Et,y$ ), which shows the percentage increase in

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<sup>130</sup> Tanzi Vito, Tsibouris George: „Fiscal reform over ten years of transition“, *IMF Working Paper* series 00/113, 2000.

<sup>131</sup> Vukotić Veselin: *Makroekonomski računi i modeli*, CID, Podgorica, 2001.



taxes resulting from an increase in income by 1%. Based on this, taxes are divided into *progressive* ( $E > 1$ ), *proportional* ( $E = 1$ ) and *regressive* ( $E < 1$ ).<sup>132</sup>

Tax rates define the nature of the tax system. **Progressive tax rate** (usually regarding income tax, property tax, etc.) increases with growing tax base and it is only important when disparity of taxpayers income is significant because, in effect, discourages influence on economic activity, punishes hard work, dedication and interest in work and reduces productivity. This rate is expressed in the form of marginal tax rates, which show that the ratio of tax debt and the appropriate tax unit (part of the tax base that is subject to certain tax rate). With progressive tax systems arbitrary is obvious, because there are no objective criteria for determining the tax burden, the resistance to paying taxes is greater, tax evasion, tax debt is growing rapidly with income, and tax administration costs are high. The advantages of this system have emphasized the socio-political and redistributive dimension and are reflected in the fact that taxes are done according to economic strength, it is possible to conduct an active fiscal policy, and there is the possibility of action in the direction of anti-cyclical stabilization policy of the state.

**Proportional tax rate** is one that always stays the same, although the tax base changes. It is equal to the ratio of tax debt and tax base. In support of proportional taxation is stated as follows: proportional rate will be fixed at a level that is required to achieve the tax revenue, has less adverse impact on the size of work effort, resistance to paying taxes, and costs of assessment and collection of taxes are lower. The disadvantage is that the proportional rate showed a slight disinflationary potential, because they are neutral, so each taxpayer regardless of the size of its minimum wage proportionally bears the same tax burden, and the fact that the flat tax is relatively inelastic source of tax revenue.

**Regressive tax rate** is one that is reduced when increasing the tax base and it is rare in practice, but the indirect regression can occur in indirect taxes (VAT and excise). In these types of taxes, the increase in household income leads to consumption propensity decrease. These taxes mostly affect poorer taxpayers, because the poorer sections of society are proportionately more spending than saving.

## EFFECTS OF TAXATION

The effects of taxation may be very different: *financial* (funding of the state budget), *economic* (changes in the modalities of economic behavior of natural and legal persons), *socio-political* (changes in the relative relationship between social groups) and others. The effects of taxation can be *microeconomic*, when the taxpayer who is affected by tax different psychological

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<sup>132</sup> Tait Alan: *Value added tax (international practice and problems)*, International Monetary Fund, 1991.



reactions occur that affect change in its economic behavior, and *macroeconomic*, which influence the level and structure of the main macroeconomic aggregates.

Taxation can have a major impact on economic activity. First, taxes impose costs to tax payers. The burden of taxation for each individual depends on the way of taxation. If it is a direct tax i.e. "Per capita" (poll tax), the cost to the individual is the tax amount. Nevertheless, when it comes to taxes on income or consumption, the load will be greater because the tax disruptive relative prices, economic decisions, and influence the efficient allocation of resources.<sup>133</sup>

This excess burden is allocative loss (deadweight loss) that causes the collected tax. Therefore, the cost of taxation is payment of tax when purchasing goods and increasing of prices, which affects the lower consumption of goods that are purchased. In addition to costs borne by taxpayers due to tax compliance, the total cost of the tax collection includes the taxes borne by the state to manage and implement tax legislation.

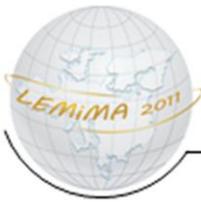
The introduction of taxes leads to altered behavior and regarding supply and demand. The growing increase in losses from allocative loss with each increase of tax rates makes the basis of arguments against the high marginal tax rates. Increased allocative loss encourage of tax shifting. Tax shifting is price effect of taxation that includes a procedure that performs an economic distribution of tax burdens. The taxpayer responds to the fact that its economic strength is impaired due the fact that price of goods and services, the burden of tax paid shift to another person as the final payer, i.e. the bearer of the tax burden. Indirect taxes generally characterize shifting, but with them, it is possible to avoid shifting. Taxes can be shifted by raising prices, but cannot be fully shifted, as market competition and product substitution may restrict shift of the full amount of tax. Tax shifting depends on *the elasticity of demand and supply of goods* that are taxed. With goods, whose demand is relatively inelastic, prospects of the seller to shift taxes are very good. However, in the case of luxury goods, whose demand elasticity is high, the price increase due to tax of assignment leads to a drop in demand, so the seller is forced to bear one part of the tax burden. On the other hand, in a situation where the offer is less elastic, the seller will pay tax more, or if it is more elastic, most of the tax burden will bear the end consumers. Thus, one of the important issues of designing a tax structure is to reduce the allocative loss.

In early 90s, Frank Ramsey elaborated theoretical assumption that explained how to reduce the allocative loss of taxes.<sup>134</sup> This principle in general says that decreasing of allocative taxes

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<sup>133</sup> Wright Glen, Nemeć Juraj: „Javne finansije (teorija i praksa u centralno evropskim zemljama u tranziciji)“, Magna Agenda, Beograd, 2005. *Zbornik radova*, str. 349 – 355

<sup>134</sup> Frank Ramsey's two famous papers, "A contribution to the theory of taxation", in the March 1927 *Economic Journal* and "A mathematical theory of saving" in the December 1928 *Economic Journal* were 40 years ahead of their time, spawning the later literature on optimum taxation and growth. (<http://www.econ.cam.ac.uk>)



should be determined by the demand for all products decreases in the same proportion. This implies that tax rates should be inversely proportional to elasticity of demand. Based on this, and based on further elaboration of policies, economists have for years claimed that is necessary to impose a tax on goods with inelastic demand, because people at least respond to changes in prices of such products.

Success in tax shifting is lesser on a monopoly market, since the cost of the monopoly product before shifting was significantly higher than that achieved in conditions of full competition, so there is no room for further price increase. *Percussion* is the first step in tax shifting, in which is directly under the law, determined the taxpayer, i.e. person who is legally liable to pay tax. In the next stage, *the repercussions*, the taxpayer succeeds to shift tax burden to another person. The third phase is *the incidence* (the stage at which the tax is ultimately paid) and in it there is no longer any possibility to shift tax to any other person. A person who at this stage bears the tax burden is considered the final taxpayer. It can be direct, when the person on whom the incidence is a taxpayer who failed to shift taxes, but also indirectly in a situation when the tax shifted to the person with the incidence, is shifted through the pricing effects of the taxpayer in advance (to the customer, which increases the selling price), back (to suppliers, reducing the purchase price) or lateral. Although in the phase of the incidence the shifting process is completed, its effects have not yet been stopped. Namely, they result in *tax diffusion*, as a taxpayer, who paid the tax may decide to reduce future consumption of certain goods, and to increase consumption of other goods. In this way, it affects the other actors in the economy, by modifying their production and income.

In modern taxation systems distortive taxes prevail, for which the taxpayer is taking a number of different actions to reduce their tax burden, i.e. to be completely free from tax liability, leading to a series of defects in the allocation of resources.

## RESUME

Tax systems do not result from a predefined plan, but based on a compromise of different political forces, socio-economic system of the country, economic development, degree of openness of the economy, historical development and traditions, the need to find new sources for financing public expenditures, and foreign factors al. They should be constructed so that the total amount of tax revenue, continuously, from one year to monitor the movement of public expenditure. The presence of elements of the tax intervention, distortions, and non-neutrality in the tax system of any country should be kept to a minimum if not completely avoided.

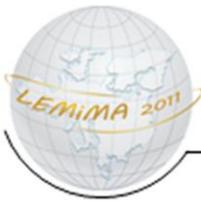
Politically it is very difficult to change the tax system, since people are accustomed to the tax situation and to resist all potential changes. Frequent changes in taxation system lead to tax



uncertainties that could have negative impact on economic growth and development. Ability to implement an effective taxation and revenue collection is still at an early stage of development in various countries. Further study of the impact of tax systems on income distribution, growth, and development will certainly be useful. In some finances, the taxes are a major source of public revenue and the most significant instrument of fiscal, social, economic, and development policies. In the functioning of the financial and economic system, there are varied and complex effects of taxation. Taxes become a powerful instrument of redistribution of national income. Fiscal pressures affect the removal of socio-economic differences. Taxes act on changes in economic structure, i.e., the development of certain branches and groups, distribution of industrial capacity, employment, prices, etc.

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## HUMAN RESOURCE MANAGEMENT IN THE FUNCTION OF COMPETITIVENESS

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### **Abstract:**

*The functions and activities of human resources must adapt to constant changes that come from the environment, whether internal or external. Major role and responsibility to monitor changes in the environment is the management of human resources. Today, organizations are becoming aware that their employee become the most important potential of its operations and is essential for its growth and development. They with its quality, enthusiasm, job satisfaction, and experience affect the efficiency, profitability, reputation, and survival of their organization. Traditionally, management dealt with directing and controlling employees to achieve predetermined goals, while introducing a modern organization human resources management system based on creating an environment in which employees will be motivated and constantly encouraged to perform their tasks with maximum engagement of their skills, knowledge and skills, contributing to competition of the organization.*

### **Keywords:**

*human resources, management, economic crisis, the competitiveness*

## INTRODUCTION

Human resource management is an expression of the new philosophy and practice of management and it is the result of rapid changes in the modern world. The new economic paradigm in the era of knowledge requires sophisticated methods of managing human



resources, and main preoccupation now becomes how to retain quality employees and get to the talents whose skills are a source of new and competitive knowledge.<sup>135</sup>

It has always been a subject of interest for science and practice, and special emphasis is given at the time of transition, and integration into the modern integration processes that require a different approach to people, and a flexible, modern, and humane form of management and development.

The major changes in the environment and the organization of the company affect the change of management models. New practice management models contain fundamental changes in attitudes and evaluation of human resources. Employees are not only the performer of the work, but create their own jobs and become strategists, visionaries, leaders, and specialists. They become the most important factor in business to support the teamwork and cooperation.

The concept of human resource management, implementation of policies and management practices, organizations succeed to realize the full potential of their employees. Its role is, by far individually latent potential, achieve better organizational performance, using knowledge, skills, abilities, and motivation of employees to achieve organizational goals.

Human resources are considered one of the most important resources that create value and achieve competitive advantage of modern organizations. Intellectually resources of organizations that create and patent new inventions, thereby increasing the value of the organization, and become strategic resource derived from them. In order to achieve this, quality of human resource management is very important.

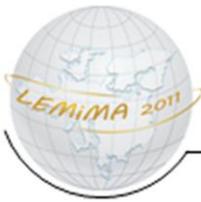
Human resource management as an integral function of strategic importance and all processes are coherent and strategically linked into a single unit, provide the required results.

## **PRINCIPLES OF HUMAN RESOURCES**

It is necessary to respect principles of human resource management in order to successfully accomplish these goals. In a special way, they are showing a new relationship with the people in the organization, the role of human resources in achieving organizational goals and maintaining competitive advantage. In this way, it creates a new business philosophy, in which the man is a most valuable resource of the organization - explains the nature of the management process, shows the importance and effectiveness of control activities and the like.

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<sup>135</sup> Izvor: Pržulj, Ž.: *Osnove menadžmenta ljudskih resursa*, Fakultet PIM, Banja Luka, 2006.



Some of the principles of human resource management are:<sup>136</sup>

- Employees should be viewed as investments that have long-term character and that exceed investment;
- High quality of human resource management contributes to the competitive and strategic advantages;
- Policies and practices of human resource management must meet the economic and social needs of employees;
- Policies and practices of human resource management must enable both, the achievement of individual and organizational goals;
- It is important to ensure that individuals exercising their individual goals also realize the goals of the organization, because in this way the best business results are achieved;
- Stronger links of organization and individuals is achieved by allowing the individual within the organization achieve as many different needs;
- Organizational culture and working environment must influence the employees to feel the need for constant development and training, as well as maximum use of their intellectual and creative skills and knowledge that possess.

Organization and staff are in constant interaction and the desire to achieve common goals.

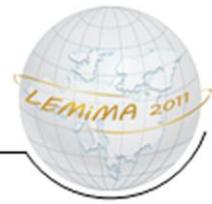
## **HUMAN RESOURCES AS A SOURCE OF SUSTAINABLE COMPETITIVE ADVANTAGE**

Starting from the fact that human capital is the main source of competitiveness of organizations in market competition, employees, their needs, motivations and satisfaction becoming, or should be, the priority to management of the organization and management of human resources.

Employees, their job performance, needs, motivation, and satisfaction become the center of attention of human resources management, since it was realized that human capital is the main tool in improving the competitiveness of the organization and create advantages in the global market.

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<sup>136</sup> Izvor: Sparrow, P. et al.,: *Globalizing Human Resource Management*, London: Routledge, 2004.



Changes that must occur in the organization, in order to achieve the required competitiveness in the market, are set up in the long run. Research has shown that it is necessary to introduce the concept of human resources to provide continuous career development, employee participation, job redesign, reorganization, put priority on the education of managers, set the role of employees that are changing, determine the motivation system and the attention focused on creativity.

By Dreher and Dougherty, a well-integrated system of human resources in the organization enables it to achieve sustainable competitive advantage to achieve particular business results. Design of HR systems must be such so it could determine how the business strategy and technology influence the creation process, the employees within the organization, to be consistent with the labor market and relations. Connectivity strategy, technology, and human resources are realized through the definition of a desirable behavior in the workplace. Human resources strategy has different effects on certain classes of jobs and employees who perform them, as in Figure 1, by separating the structure of the workforce and the different behavior of employees that lead to positive business results.

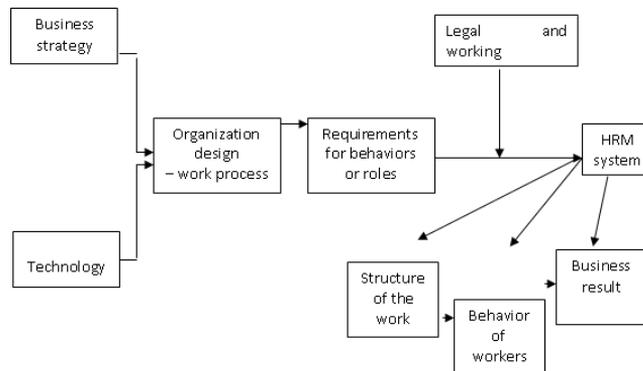


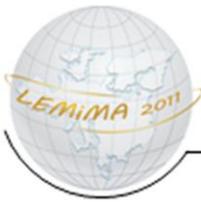
Figure 1: Integrated human resources system in the organization.<sup>137</sup>

In order to characterize the resource as a sustainable competitive advantage, four conditions are necessary.<sup>138</sup>

- *Human resources management provides added value to the organization.* Employees cannot

<sup>137</sup> Izvor: Dreher, G. i Dougherty, T.: Human Resource strategy, McGraw Hill, NY, 2002.

<sup>138</sup> Izvor: Dreher, G. i Dougherty, T.: Human Resource strategy, McGraw Hill, NY, 2002.



be perfectly substituted, because they differ in their knowledge, skills, and experience they have. Organizations that have devoted more attention to recruiting and selection, development and motivation of their employees, create a competitive advantage in the market. The theory of marginal utility shows that proper management of human resources system increases the value of the organization, because marginal utility exceeds the marginal cost of wages;

- *Human resources as scarce resources.* Application of new technology causes use of new knowledge, skills, and abilities that are rare and intangible;

- *To provide human resource system that cannot be imitated.* Human resource management organization must be in accordance with its business objectives and the environment in which it exists, at the same time respecting its traditions and culture. The system of compensation and benefits can be downloaded from other organizations, but without losing the effect, that provides it a competitive advantage. Management must take care of the employees within the organization, as talented employees and *top managers* turning to competitive organization can transmit strategy and practice of their former organizations;

- *Human resources as irreplaceable resources.* Some organizations have a tendency to alter human resources to other resources, e.g. modern technology and equipment, in order to minimize the competitive advantage provided by managing human resources. Many authors believe that the introduction of new computer technology and communication affect the reduction of a significant number of low-skilled employees and thereby increase the number of jobs for strictly professional jobs, managerial and professional positions.

Cost-effective human resources management system contributes to the performance of the organization through:

- Work to support employees who have knowledge and skills adapted to the new requirements of the organization, enabling it in this way to successfully implement its business strategy;

- Constantly providing and promoting desirable behavior and job roles.



## HUMAN RESOURCES MANAGEMENT IN BOSNIA AND HERZEGOVINA

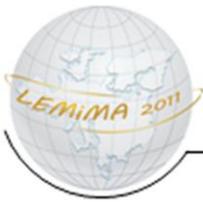
Human resource management in Bosnia and Herzegovina is considerably undeveloped, and in most organizations do not exist under that name.

Because of the relatively recent war, there was a division in the manner and attitude of keeping the organization: those that existed before the war (1991) and those created after it. A large number of organizations that have been created before this period were faced with the departure of skilled staff, which was very difficult or almost impossible to replace in quality. Organizations were faced with the loss of domestic market and markets in an environment that has caused financial difficulties and the inability of financial investment in the prescribed maintenance of production facilities, which led to falling behind in technological development and financial collapse. The new organizations resulting from the war in most cases are in the entrepreneurial spirit of the owner, and due to necessary organization and loyalty to the owner, the management of these organizations is created of owner's relatives and friends. Loyalty is a necessary and positive as long as it does not affect the necessary knowledge, skills, and knowledge to the organization.

Furthermore, organizations that are under state ownership (electricity, water, plants, mail, and others) have a monopoly on the market that allows a profit, despite the redundancy. In these organizations, human resources are taken as capital to generate profit. Changing the organizational structure, eliminating unnecessary jobs, expanding job descriptions, required training management, retraining employees and the introduction of motivation and reward for performance, would boost the performance of your organization.

Today, in times of economic crisis, strong consequences for the organization, employees, and only human resource management are obvious. A necessary change has become a condition of survival and need for creativity and innovation. Consequences that are visible to the organization are conservation of funds, and insistence on cutting costs, requirements for increasing performance that are often unethical because of the unrealistic workload and working hours to employees, organizations are returning to core activities and reduce all the activities that constitute an upgrade business. These consequences affect the employees in the form of increased stress and the emergence of new causes of stress: fear of failure, increased workloads, lack of motivation, reduced tolerance, preference, and other conflicts.

In most organizations in BIH, human resource management is emerging as *human resources functions*, and it is a form of traditional management, which is limited to activities to competition for new employees, employee tracking, monitoring legislation in the field of labor and employment, conduct unscheduled training program, planning vacations, and more. Human resources in our organizations are connected with the general and legal affairs, the number of



employees in that department is small and mainly has a high school, and if they are university educated, then they are lawyers. Our organization does not put its employees in the first place as its most important resource, but for now it will only work "in theory" by introducing them to their missions, statement of directors, and the like. Positive changes that are still very small, resulting due to privatization of state organizations, foreign investment, strengthen of competition and the entry of foreign companies.

## **RESUME**

In organizations that want to achieve competitive advantage in our market, the need for the introduction of the HRM function shows. The introduction of this function in the organization must be gradual and to develop in accordance with the needs of specific organizations. For these reasons, it is necessary to strengthen activities in the field of human resources with experience, such as administrative operations and training. It is necessary to pay attention to deficit of professional people in the area and the problem of lack of appropriate training programs for existing employees. For such organizations, the best solution is to employ human resource professionals, in order to introduce other functions of human resource management. What should be changed to achieve better financial results is significantly better valuation and investment in employees. Activities that our organization must implement in order to introduce the function of human resource management are:

- To be more mobile in their policy of human resources;
- To introduce a flexible system of compensation based on value created;
- To support high quality teamwork that will be integrated and synergistic;
- To identify key employees;
- To build a corporate culture that will encourage innovation and excellence in the work;
- To monitor work performance of employees;
- Need to monitor and measure the quality of human resources, and developing it;
- To conduct effective staff development and use better their individual talents and strengths, release their internal energy and systematic work to their potential;
- To use individual and collective knowledge within the organization in the best possible way;

It is necessary to understand that only the optimal use of all resources, human and material, by a qualified management leads to profit maximization.

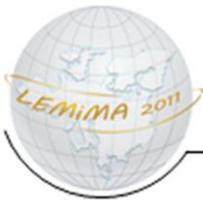


The crisis has caused the necessary review and change of the organizational chart, making new systematization of working places, redefining the priorities and plans, designing an environment in which to encourage and enable behavior that will lead to continuous learning, knowledge exchange, and personal development of employees. The goal is to free the inner strength of individuals so they turned into efficient and effective employees.

Crises are a generator of human resources.

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## GLOBAL CORPORATIONS AND DIPLOMACY

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Član Foruma za međunarodne odnose Evropskog pokreta u Srbiji

**Abstract:**

*"Economization" of the foreign policy is a global trend. Economic diplomacy is the core of modern diplomacy. The rise of the global corporations. The triangle of the world economy. The role of corporate diplomacy. Format and mandate of the economic diplomat. The suggestions for better economic diplomacy organization in the Republic of Serbia.*

**Keywords:**

*economy, global corporations, foreign policy, diplomacy, economic diplomats*

### INTRODUCTION

Economy never had so much significance and role in foreign policy and diplomacy as today. Foreign policy cannot be detached from the market realities. Diplomacy is much more concerned with financial and economic crisis, rather than disarmament. Diplomacy is now, in fact, economic diplomacy. Economic diplomacy, its notion often eludes chains of conceptual definition, is raising everywhere in the world. It has become a strategic concern of every prosperous country and progressive society. The process of economic "diplomacy" and "economization" of diplomacy has grown into a truly global trend. Today, the success of nation states diplomacy, and their diplomats appraise by how much they and their contribute to increasing the flow of needed foreign capital, acquisition and application of advanced foreign technologists, all political and business climate created in the receiving country for the performance of its export-oriented enterprises to all the more demanding world markets by its activities, in the end, what foreign income or profits, makes the economy of the country of accreditation in the economic cooperation and relations with the world i.e. in the receiving countries. Americans said long ago "Diplomacy business is business." In the first line of American diplomacy are the interests of American corporations, in the spirit of the famous urban myth of U.S. businesses, "which is good for General Motors is good for the United States." Particularly important form of economic diplomacy is so-called corporate diplomacy, made in the lap of global corporations to expand business worldwide, often referred to as multinational corporations, transnational corporations, multinational companies, big companies, et al.



It is estimated that at the beginning of the 21<sup>st</sup> century the world has over 65.000 global (multinational) companies and around 500,000 corporate branches located in other countries. The largest part of export business in the world is accomplished through a global corporation. The value of annual exports of only 250 most powerful global corporations reached one third of world gross product (GWP), which in 2009 amounted to about 70 trillion U.S. dollars. Global (multinational) corporations controlled over 80% of the world's financial capital (foreign direct investment and portfolio investment). It is estimated that two thirds of world trade will be carried out by global corporations (third through intra-firm trade and the third part through inter-firm trade), and about a one third through classical forms of foreign trade.<sup>139</sup> Income of some global (multinational) corporations is higher than the gross domestic product (GDP) of many national economies. For example, only 30 countries in the world in 2006 had a higher GDP from the income of American corporations Wall-Mart Stores, which is the biggest multinational company in the world.

Wall-Mart Stores Corporation revenue in 2006 was nearly 8 times higher than GDP of Serbia. Danish GDP in 2006 was slightly higher than revenues of Chevron U.S. corporation. Corporate income of German Siemens in 2006 was more than twice than GDP of Slovenia. Croatian GDP in 2006 was equal to the income of American Costco Wholesale Corporation, and so on.

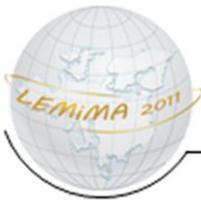
Global (multinational) corporations have entered into all sectors of the economy and services, particularly those that are technologically and financially most propulsive, who make the most profit, such as computer technology, pharmaceuticals, oil and petrochemical industries, banking, and other services. It is estimated that approximately 60% of global corporations are engaged in the industrial sector, 37% in the service sector, and 3% in the primary sector of the economy. The largest number of multinational corporations (90%) is concentrated in *the triangle of the world economy* - the U.S., EU, and Japan.

Political and economic prestige of a country in the world is often equated with prestige, which has its global corporation in the world.

The names of many global corporations have become a trademark the country of origin itself. For example, corporations such as Coca Cola, Nike, Boeing, and McDonalds are tied to the U.S., Nokia to Finland, Sony to Japan, Nestle to Switzerland, Rolls Royce to UK, Mercedes Benz to Germany, etc.

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<sup>139</sup> Miroslav M. Raičević, *Internacionalna ekonomija sa osnovama ekonomske diplomatije*, Fakultet za internacionalni menadžment, Beograd, 2000, str. 13

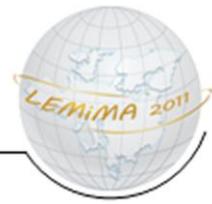


Leaders of global corporations (CEO - chief executive officers) and their owners have become the most important part of a global "superclass" that holds the actual (though not formal) levers of power and influence around the world, in all countries, including the United States as the most powerful super power. For a description of power and influence of global corporations in the world, and their leaders, a new term "*faktokratija*" (actual rather than formal power) appeared which comprises the possession of real rather than formal authority. Therefore, for example, it is believed that in the U.S. presidential election win, as a rule, the candidate on whose side are most CEOs of American corporations, i.e. U.S. corporate elite. The leading figures of global corporations (management and owners) are among the richest people in the world.

Global corporations have become the driving force of globalization and world economy in general, and economy of each country. They have become a "global companies" in the true sense of the word, spreading the awareness that "the world is one and indivisible", that the world is a comprehensive economic area. They bring new, modern forms of economic organization and management, and offer a new global way of thinking about solving global economic problems of the world. In addition, they are more and more powerful influential, directly or indirectly, in shaping the foreign policy of many countries in the world. Wherever they have appeared so far in any country in the world, global corporation brought and bring appropriate economic revival, allowing the rapid economic growth, increased investment, job creation, raising the standard of people, etc. Only those states who observe the contemporary world through categorical terms that are narrower than global are in conflict with global companies.

Global corporations have realized they must hold in their hands the responsibility for its position in numerous markets worldwide, in the production regions and distribution channels, that themselves should do care about their capital and their economic power, that responsibility for sustainable corporation development must not shift to political actors and the current administration of given state or given countries, and to use their knowledge to widen their horizons to better understand the complexity of contemporary global agenda, economic, political, and social.

In every global corporation, and any in any greater successful company that does business with foreign countries, organizationally a special service (sector) for "foreign affairs", international cooperation, international relations, and similar, to communicate and negotiate with foreign entities is established, no matter where they are located. Its "foreign affairs" and functions that service usually realized (1) in relation with the state, (2) in relation to other corporations and



business entities, and (3) in relation with branches within the company, located in countries outside of the site management of the corporation.<sup>140</sup>

Under the auspices of a global corporation new and special kind of diplomat, called. corporate diplomats, workers of the global corporations with special knowledge and skills in the development of strong corporate identity, responsible and efficient in communicating with different communities, interest groups, activists, governments and international shareholders, who truly feel as the citizens of the corporate world, who know local conditions and the needs of the host country (receiving), know the effective use of modern forms and all available resources for the implementation of strategic communication with foreign public opinion.

Corporate diplomacy is engaged in activities and issues of greatest importance for the successful functioning and development of global corporations, such as, for example, how to create the best global business environment and global atmosphere of friendship and trust, how to effectively negotiate with the government of the country where business is located and governments of countries where its subsidiaries are located, how to build relationships with business associations and chambers of commerce, associations of trade unions, NGO networks, media, and others.

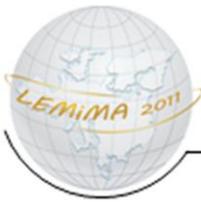
None of this depends on the success of global corporations in business operations around the world. Not a single global business can survive in a hostile environment. That is why global corporations were forced to create and develop their own "diplomatic services" to have their own diplomats, their own protocol, and other mechanisms that are required for the establishment of various forms of cooperation and relations, both within the corporate world and outside it. Foreign affairs departments of some global corporations are more numerous than the diplomatic services of certain states.

Corporate diplomacy is on the rise around the world. It is practiced in the U.S. on a daily basis. Diplomatic representatives of corporations require local, state, and national legislators to adopt laws and measures that are vital for successful and efficient operations of the corporation. Diplomatic representatives of European corporations directly communicate not only with governments of the state where they are located and where they have their branches, but with the highest political bodies of the European Union also.

The success and rapid growth of global companies in China, Japan, and South Korea is directly related to the effects of global corporate diplomacy. In these social environments, diplomacy is

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<sup>140</sup> David Đ. Dašić, *Savremena diplomatija*, Multidisciplinarni centar za podsticanje integracionih procesa i harmonizaciju prava/Privredni savetnik, Beograd, 2008, str. 375 - 278



appreciated as a separate business value, equal to ethics and morality of past civilizations and cultures and treated as an art in the truest sense of the word.

Many global corporations and the governments of many countries have established some kind of partnership. State diplomacy, as a rule, does not confront corporate diplomacy, and the purpose of most of them is achieving the strategic goals of global organizations.

Diplomatic potential of global corporations become some sort of diplomat nursery necessary to state diplomatic sector (Ministry of Foreign Affairs and other departments). Similarly, in the modern industrial world is increasingly practiced that career diplomats fluctuate from the MFA to global corporations and other large national companies that do business with foreign countries.

New time requires a new foreign policy, new diplomacy models, and new profile diplomats. If the annual income of a global corporation is bigger that GDP of a country, then some influence the foreign policy and diplomatic performance of given state towards them is unavoidable.

The future of the world is on the side of global corporations. They are the economic future of both Serbia and the entire Western Balkans region. The presence of some of the world of global corporations (U.S. Steel, Coca Cola, Fiat, etc.) in Serbia has been significant but far from necessary and possible. Their number in the near future must increase significantly. Development and stability of the Serbian economy largely depend on that.

The relation of the Serbian state to global corporations today is a real challenge to its foreign policy and diplomacy. A viable strategy for Serbia's foreign policy is not possible without adequate evaluation of the place and role of global corporations and the corporate world of economic factors in contemporary international relations. Some global corporations have big importance for Serbia, and not just for Serbia, not only in economic sense, they are more important than big number of individual nation states, not only small ones but also those of medium size. Therefore, Serbia, as a state and society, should quickly adapt to the changes that have already taken place on the global economy and world markets, and that "set" its foreign policy and diplomatic activities according to the real power of global corporations, which became one of the indispensable pillars of modern international relations, foreign policy, and diplomacy. Global corporations are the economic future of Serbia and the entire Western Balkans region.



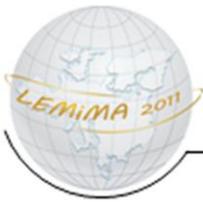
## RESUME

New times require new forms of organizing the diplomatic service, and a new profile of diplomat. Classic, traditional patterns of organization of diplomatic service, some inherited from the 19<sup>th</sup> century, do not fit the challenges and needs of the 21<sup>st</sup> century. In addition, instead of general profile diplomats, diplomats of emphasized specific professional orientation, such as, for example, economic diplomats, a special type of government workers in charge of promoting business cooperation with foreign countries are needed.

One of the strategic objectives of foreign policy of Republic of Serbia and the specific tasks of its foreign minister and diplomatic service is that with its performance on the world political and economic scene, particularly the market, create conditions for a large global corporations arrival in Serbia, so Serbia could become a “corporate”. Cause, more global corporations in Serbia means the faster route and its faster pace towards EU. “Corporate” Serbia is, in fact, the other side of “European” character of Serbia. In this context, two questions arise:

First, why the Republic of Serbia, in cooperation with the authorities of the receiving state, would not sent their economic diplomats directly to work in the selected or selected by global corporations around the world, on the basis of received special approval from them (so-called “*agrément*”), rather than in its Embassy offices, as it is now the practice, and

Second, why in the Ministry of Foreign Affairs of the Republic of Serbia wouldn’t be organized a special, unified sector (DG) of bilateral and multilateral economic diplomacy, in which, inter alia, could be a special management of corporate diplomacy, with the economic diplomats that would communicate with selected global corporations around the world, in the immediate interest of the country, its economy, and businesses.



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## THE NECESSITY OF USING EXPERT SYSTEMS IN STRATEGIC DECISION MAKING

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### **Abstract:**

*Strategic management is an extremely complex process of monitoring and collecting all relevant information on different internal and external critical success factors, which affect or may affect the operations of a company. On the other hand, all collected information should be adequately processed and presented, in order to reach managerial quality. For strategic decision making, it is not sufficient to obtain relevant representative information and indicators, which give insight into the existing business environment and the current strength of the company, because the choice of future development strategies is often directly connected to intuition, assessment and personal reasoning of decision makers. Expert knowledge is often unavailable at the time when it is required to solve complex problems, because there are only a few people in each company who are considered experts and they are often too busy. The appointment of other experts for each complex strategic problem is in most cases expensive and irrational, if not impossible. Therefore, the use of expert knowledge in the form of expert systems is a considerably cheaper, more rational and more accessible way of solving problems in the field of strategic management.*

### **Keywords:**

*expert systems, strategic management, information, knowledge, decision making, artificial intelligence*

### **INTRODUCTION**

The necessity of using expert systems in strategic management is constantly increasing, especially under strong dynamics of change within business environment. If this process is to be successful and efficient, it is essential that the person who makes decisions on future development strategies be an expert in the field of the issue he is trying to solve and to have sufficient experience in order to decide how to react in the existing business conditions. Prompt response to changes in existing business conditions involves practical problem-solving in real time. The availability of expert knowledge at all times in certain problematic areas, which is possible with a well-designed expert system, is an important success factor in modern



companies. Late decisions are often equally detrimental as the wrong ones, and so the company's possibility to use a certain expert system for its business management at the moment when it needs to provide a quick response to change, constitutes an important element of gaining advantage over the competition.

Expert systems in strategic management don't aim to fully replace humans in strategic decision making. However, they can serve as an extremely useful expert adviser for numerous management issues, as they have the possibility of reasoning on an expert level in a given field. Due to complexity and lack of structure, which is characteristic of the problems within strategic management, it is possible to solve them with the help of expert systems. Great interdependence of certain factors on business results and future development guidelines leaves space to strategic decision makers to use empirical and heuristic knowledge, which on the other hand implies the need to formalize such knowledge in a programme. In that respect, expert systems offer great possibilities, which, if used correctly, guarantee business success.

### **THE APPLICATION AREA OF EXPERT SYSTEMS IN STRATEGIC MANAGEMENT**

The use of expert systems in strategic management has considerably enhanced efficiency and consistence levels of strategic decisions which were based on them. It is best expressed in the manner, quality and time dimension of a decision making process. Adequate application of the portfolio concept, one of basic instruments of strategic management, has become more successful since expert knowledge became constantly available for an unlimited number of problems in the field. In that way the assessment of conditions in which companies conduct their business and the extent of their abilities to respond to the existing as well as future challenges, with the choice of appropriate development strategies, can be conducted on an expert level at any moment and for an unlimited number of requests. With decreased impact of the human factor, management decisions that were based on the use of expert systems were standardized to a great extent, without subjective impact and bias from the decision maker. [3]

With the use of expert systems in strategic management, there have been changes in the organization of the management structure within a company. These changes are reflected in the management hierarchy within the company, where the authority at middle and senior management levels can be transferred to lower levels, since even complex management problems can be successfully solved within the scope of operations management with the help of expert systems. Thus additional time is left to middle and senior managers, which they could use to solve other management problems within the company. Therefore, the functioning of the entire management system in the company is raised to a higher quality level.



As possible application areas of expert systems in strategic management, there are all segments of this complex process which can be considered difficult enough to require a certain level of expertise in their realization. These are mostly the fields in which adequate software solutions, or expert systems, can serve as a strong support for strategic analysis, strategic choice and finally, strategic change. We should stress the following as the most significant possible application areas of expert systems in strategic management:

- Strategic analysis of turbulent business environments in the conditions of discontinued changes,
- Script development for strategic planning and assessment,
- Trend analysis, cross-sectional analysis for long-term assessment and multifactor analysis,
- Strategic planning and sensitivity analysis,
- Risk assessment,
- Experience curve analysis,
- Opportunities and threats analysis, as well as strategic changes in the formulation of an adequate business policy,
- Development of the company's strategic plan
- Identification and selection of particular programs and projects whose implementation should be supported,
- Financial analysis for strategic management, etc.

Each of these fields of strategic management has its own specific qualities, which have to be taken into account in the assessment and development of an expert system, which would solve the problems in that field. We should also pay attention to the adequate choice of tools with which particular expert system will be developed, as it has to reflect the structure of the requests presented before the system in order to properly deal with the problem.

Expert systems are not "tutors" and their decisions are not binding, in the sense of giving out directives how to solve a certain problem. For their successful implementation, they are to be understood as a man's good expert "consultant", his objective "business partner", which considerably helps him to be more successful in his business. The decisions of expert systems must be interpreted as "good advice" which can, but doesn't have to be accepted by a man as the final decision maker. However, if it is a well-designed expert system, then its advice mostly



represents the right guidelines to more successful management, which could lead to positive outcome in future business operations.

## **THE POSSIBILITIES AND LIMITATIONS OF EXPERT SYSTEMS IN STRATEGIC DECISION MAKING**

The need to constantly combine strategic skills and expert experience, along with indispensable information and methods, techniques and concepts of their adequate analysis contributed to the fact that scientific research in the field of strategic management was increasingly marked with the concept of expert systems. The growing need for expert knowledge in problem solving within strategic management can be most efficiently solved with the use of software solutions in the form of expert rules, which would enable skills, experience, intuition and heuristic knowledge to be used in real time and for an unlimited number of problematic situations in the field.

The idea and awareness that the strength of intelligent programmes, for overcoming specific and complex problems, doesn't stem from formalism and conclusion schemes, was the basis for the development of specific programmes, with special purpose, which have expert role in the area of existing problems. These programmes are called expert systems and are the dawn of a new era in artificial intelligence and information technologies research, which is exponentially increasing and developing. The application of expert systems in strategic management involves prior completion of certain conditions, regarding the possibilities of realising such a complex project.

Each of the potential projects should meet certain requirements and qualities before implementation into business operations. The requirements and characteristics are as following [1]:

### 1. Basic requirements:

- The need to access knowledge-based systems;
- The existence (availability) of experts;
- The possibility of engaging experts;



- Acceptable limited success;
- Profitability;
- Risk assessment in relation to profit;

2. The type of problems:

- Symbolic reasoning;
- The use of heuristics;
- Incomplete and unreliable information;
- The development of expert systems for solving actual organizational problems;
- Widespread knowledge and general understanding;
- Task definition;
- The availability of task inputs;
- The adequacy of task outputs.

3. Expertise:

- Experts are considerably better in task realization than “amateurs”;
- The necessity of expertise;
- The adequacy of an expert;

4. Task limitations:

- The limitations of task difficulty (neither too easy, nor too complex);



- The assessment of the lower level of task knowledge;
- The assessment of the upper level of task knowledge;
- The narrowness of the task.

5. The personnel of the domain area and policy:

- Staff expectations in the field of expertise concerning the success of an expert system;
- Agreement and acceptance of cooperation between the leaders (managers, planners, etc) in domain area;
- The support from the highest management level within the organization;
- The users want a system;
- The implementation of a system into business operations with minimal changes in the existing processes;
- The cooperation of the user group;
- The implementation (results) of expert systems in domain area won't be sensitive or controversial towards the organization's policy;

6. Development, testing and application:

- Incomplete coverage of the domain (task) can be tolerated and the system can be applied in phases;
- The possibility of decomposing the entire task to subtasks and the series of development steps;
- Learning ability;
- Written material;
- The availability of test cases;



- User interface;
- Long-term need for a system;
- Non-existence of alternatives;
- Stability;
- Tolerance to incorrect results;
- Measuring the contribution;
- The experts' consent to corrections.

The main aim of fulfilling the stated requirements is to choose the domain which would be most suitable for the project of the expert system.

Changes occurring in business environment pertain to technologies and products, but above all, to knowledge resources. The development of production forces within a society is conditioned by the development of cognitive processes about the nature and the society, and also by the development of general human knowledge. This process can especially be complemented by expert systems. As intelligent automatic devices for the representation and processing of general, natural, exact and verified knowledge, linking the examined and confirmed, but vague knowledge gathered from several years of expert experience, expert systems provide insight into new expert fields and realization of adequate complex processes. Since expert systems enable highly specialized knowledge, i.e. expert knowledge, to be spread and actively represented within certain expert fields of strategic management, then the management quality of the entire company which is using the expert system is raised to a higher level. In that way, expert systems become a success factor of modern companies in the business world, and in the long run they will also be a prerequisite for the development of the entire economy and human society in general, as a unity in many different and specific intelligent teams.

Expert systems possess many significant qualities which distinguish them from other characteristic information technologies, such as automatic data processing, management information systems, decision support systems, etc. The representation of significant features of expert systems can best be fulfilled by highlighting some of their drawbacks and limitations in their use within strategic management process. These drawbacks essentially represent favourable characteristics which the existing expert systems don't possess to a desired extent and indicate possible directions of their development and improvement in the future.



These drawbacks are expressed in the following [2]:

- expert systems cannot recognize, nor solve the problems for which their knowledge is inapplicable or insufficient;
- expert systems don't have independent resources to check the rationality of their conclusions;
- expert systems don't have enough knowledge of their possibilities and limitations (which is characteristic of a human expert);
- explanations that the expert systems give about their conclusions and reasoning are often too simplified;
- the language used by expert systems for stating facts and relations is very limited.
- when it comes to future development areas for expert systems, we should stress their improvement when dealing with certain types of problems, which could be described as generally unfavourable for existing expert systems, such as:
  - the problems which have only a few solution rules;
  - the problems which have too many solution rules;
  - well-structured numerical problems;
  - the problems which the humans solve much better with their senses of sight, smell, touch, etc;
  - the problems which are too complex or new, so that there are no experts in that particular field;
  - the problems in the fields where experts are in total disagreement over their solutions [4].

In current development phases and practical realization of numerous projects, the application of expert systems in strategic management has given outstanding results. Many complex problems, regarding the choice of an alternative strategic decision, have been successfully solved with the use of expert systems in different segments of the complex strategic management process. For



most of these problems, the level of expert knowledge required for their solution and the frequent need for their solution are so great that they practically stress the necessity of using expert systems. Although the human role in strategic management is still irreplaceable, the use of expert systems as a complementary tool and a highly expert consultant is so important that it is expected to become a necessary condition for further development and growth of the company in the foreseeable future.

## CONCLUSION

Reaching important strategic decisions and the choice between strategic alternatives in existing complex business conditions require the use of expert knowledge. Since the age we live in is often regarded as „information age“, the survival, development and business success of modern companies inevitably involves operations that are based on the use of cutting-edge IT achievements, in the field of hardware as well as software solutions. In that respect, the use of expert systems proved to be one of the finest cutting-edge software solutions, which enabled access to expert knowledge to a large number of users at all times. At the time of globalized world economy, turbulent business environment and business dynamism increase on a daily basis, which undoubtedly requires latest cutting-edge methods of following all critical factors that could affect business success of the company. Today, successful strategic management and decision making is inconceivable without combining a great number of adequate information with different methods of processing and presentation, which, because of the relevance of obtained results, must be conducted in a very short period of time. On the other hand, all these mathematic and other methods of information processing are not always sufficient to reach appropriate decisions. We often see that without intuition and expert experience efficient problem solving fails to happen, despite adequate level of information. In strategic management today, expert systems are offering the ability to combine relevant information with required expert knowledge. It is formulated in a suitable computer programme, in order to reach the best solution to the problem. The perspectives of applying expert systems in strategic management show a rising trend. In the foreseeable future they aim to reach the level of necessity, in order to ensure success in contemporary business world. The complex process of strategic management requires further changes in the approach of strategic problem solving, while expert systems provide great possibilities of modernization and automatization of this action.



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## THE EFFECT OF PACKAGING FOOD INDUSTRY PRODUCTS ON ECOLOGY

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### **Abstract:**

*Ecology and conservation of the ecological system of circulation of matter - recycling, are highly significant discoveries of the twentieth century. The rapid development of new technology of packages should be harmonized with the legislation and strict environmental standards. Recycling is the most appropriate and economic way to use packaging waste. Its development will undoubtedly be continued in future in accordance with the concept of sustainable development. Taking into account that packaging that would fully meet all environmental criteria has not yet been found, it is necessary to find the most appropriate solution that will at least reduce the harmful effects of packaging on the environment.*

### **Keywords:**

*packaging, recycling, packaging waste, plastics, metal, glass, paper, food packaging, ecology*

### **ECOLOGIC POSITION OF PACKAGING**

Environmental protection must be given every day more attention. The amount of packaging will grow every day because of the increasing degree of finalization of food and be fed by rising number of consumers, and its ecological status most important then economic. Packaging significantly contributes to the changing nature of relations in the environment. Its influence begins with using raw materials, methods of production, use and it doesn't end up using the packed product. Without the intention to reduce unnecessary or unduly increase the significance, it must be noted significant impact of packaging on the environment. It is expressed in all stages of production and application of packaging. Use of raw materials is particularly pronounced in deforestation, or, when using oil as raw materials. Cutting down of forests is destroying of the natural producer of oxygen, and thus the natural balance of oxygen and carbon dioxide. This effect can be prevented by law, establishing the obligation of forming new plantations before harvest forests for the needs of the packaging, and as far as oil consumption in total income, only 10% is used for making plastics, and the rest is used as an



energy source. With respect to the estimated reserves of this raw material, the only real solution is to find new and using existing alternative energy. Raw material processing and manufacturing of packaging pollute the environment more or less. In this respect, production of polymeric materials is the smallest pollutant because of so-called closed technologies. Wood processing and production of paper and cardboard packaging is a major chemical pollutant of the environment, while for production of glass and metal, especially aluminum containers large amounts of electricity are used. Used and discarded containers can have two ways effect on the environment. When it is rejected on the improper place it visually distorts the environment, and disposed in regulated landfills and dumps can severely pollute the air, waterways, and soil. However, used and discarded packages, collected and prepared properly can be very valuable raw material. A particular problem is pronounced in polymer and mixed packaging. In fact, polymers can be processed, but separated on basic polymer materials. With regard to for the development of these packages about a dozen basic polymer materials and countless combinations are used, the separation of the basic polymer materials can be done only partially. Mixed polymeric materials can undergo physical-chemical, thermal or chemical degradation, and the products can be used as raw material in chemical industry. Polymeric materials that cannot be separated or cannot undergo degradation of further processing can be used to obtain energy by burning. Today there is a very intensive work on research in order to obtain and use bio-synthesized and biodegradable packaging, production and applications of modified natural organic polymers, i.e. production and application of graft synthetic polymers with natural macromolecules. These materials are self-decomposing or degradable under the influence of external factors. We can ask which requirements from an environmental point of view are placed before packaging for safe food packaging. Usual attitude is "that the safe food is produced from natural raw materials, processed without the addition of chemical agents and therefore must be packed in containers made of natural materials and glass." Packaging is the inevitable companion of industrialization and economic development. As the packaged product has its sustainability and life cycle, so packaging has its life cycle also. The life cycle of packaging begins with production of packaging materials and packaging, and continuing with the process of packing, i.e. it is companion of packed product to use, and then continues its life cycle as discarded packaging. At all stages of their life cycle, the packaging has an impact on man's environment polluting soils, rivers, and air. The environmental quality is, based on ISO 14000, "the set of properties and product characteristics related to their ability to meet defined or expressed environmental needs." In order to provide environmental quality in the manufacturing, packaging materials, and packaging must meet the requirements for achieving: the possibility of recycling and conserving natural resources, reduction of negative products in air, water and soil, reducing water and energy consumption, reduction of hazardous substances, as well as energy efficiency, easier degradability and waste reduction. The structure of solid waste, with the participation of up to 30%, takes an important place and the packaging as an essential part of most industrial products. The term of environmental suitability of packaging includes impact of assessment criteria used and discarded packaging on the environment. Due to increasing population, production, and use of packaging is increasing and its ecological situation today is becoming more dominant in relation to the economic. Accordingly, variety of



activities of certain NGOs and legislation, aimed at addressing the ecological status of the packaging are developed.

## **RECYCLING OF PACKAGING IN ORDER TO PROTECT ENVIRONMENT**

Waste materials generated from used packaging becoming an increasing problem in urban areas. This will be one of the priority issues to address in the 21<sup>st</sup> century. It is therefore important that the amount of waste, where waste packaging play a significant role, reducing as much as possible. Waste quantity growth in proportion with increasing of the standards. It is estimated that 500 - 1000 kg of waste is created annually per capita in developed countries, 0.2 to 3 kg daily. The main task of the recycling is that with technological processing of waste materials (solid, liquid, and gas) are separated into secondary tangible components that can be returned into production, dangerous compounds (toxins, explosives, etc.) that must be stored under a special arrangement, and remains that must be returned in the eco-system or to be stored under standard conditions. Since the recycling include re-cultivation of degraded land for the restoration of the primary aim, then essentially environmental effects of recycling options is reflected in control of waste materials: harmless return of a part back to the eco-system and safe storing of definite waste. Utilization of waste materials and production of raw materials is a major task that cannot be realized without a clear strategy in which the design and coordination must take part in various subjects that were invited to solve problems in the field of environmental protection.

A special area in which it is possible to do more for recycling in the collection as well as part of processing, is a system for quality assurance in accordance with ISO 9000 series of standards. These standards stipulate the obligation of every manufacturer that cares about the product throughout its life cycle, which means that it must know what will happen with this product when it becomes waste and to facilitate its arrival at the place where is going to be recycled or safely eliminated.

There are a number of reasons why recycling in recent years, gaining in importance. The most important effects of recycling are:

- Improving and protection of the environment

It is known that the development of society and carrying out social activities provide a certain by-products in the form of different waste materials, recyclable materials and degraded lands, some of which difficult or do not decompose in nature, while others contain certain toxic substances that pollute the environment directly. Usable by-products are processed by recycling process so that their negative impact on the environment is significantly reduced.



- Conservation of natural

Processing of secondary raw materials and waste materials a significant savings of natural resources is provided. Practically from the discarded and useless products the raw materials are created that would otherwise must be taken from natural sources that certainly are not exhaustive.

- Energy savings

Much more energy is spent on the production of materials made from primary raw materials than the production achieved by recycling of waste materials. For example, paper processing of waste paper requires 60% less energy than paper production by wood processing.

- Reduction in the production of strategic dependence

The effect of recycling relates to the deficient materials that must be imported, which automatically reduces the independence of the production. Processing and using the waste scarce materials reduces the dependence of the production.

Without the introduction of recycling in everyday life it is impossible to imagine any kind of comprehensive waste management system. Packaging materials that can be recycled are plastic, glass, paper, cardboard, aluminum, iron, ceramics, etc.

## **PACKAGING TRENDS AND PROTECTIVE MEASURES**

Under environmentally justified packaging, we mean packaging made from materials in whose production, application, recycling less energy is needed, and less pollution is created than in production of other materials of the same purpose. Ecological quality of paper packaging and paper as raw material is essential in terms of saving natural resources and in terms of the removal. Paper is a natural material. It is produced of wood that is easily renewed natural resource. From an ecological standpoint, it is very important to use the wealth of forests and implement certain regulations that affect faster regeneration of forests, worrying about natural growth population of forests.

The structure of the world's paper consumption by type indicates the highest percentage prevalence of paper packaging by 29%. Based on the average consumption of corrugated cardboard per capita in some European countries can be noted that corrugated cardboard as a packaging material has a high consumption, especially in countries with abundant natural resources, which indicates good environmental policy and growth trends of packaging from



recycled materials. Our country, according to rough estimates spends about 6-8 kg corrugated cardboard packaging per capita, i.e. total spending is about 80.000 tons. In recent years, the market of corrugated cardboard in our country records a mild growth. According to projections of development, we can be expect in the coming years that consumption of corrugated board packaging in our country will reach a rate of about 15 kg per capita. This is still significantly lower than the current consumption of the developed countries, where Denmark has a consumption of over 53 kg per capita. Total world production of folding carton box in 1995 is estimated at over 17 million tones, which at an average price of 1.8 U.S. dollars, exceeds the value of US\$ 30 billion. Consumption of this type of packaging is rapidly increasing, which indicates that the production of folding cartons shows a further upward trend. Development of industries that consume more and more of this type of packaging, as well as the development of production of the cardboard as a raw material primarily affects specific consumption of carton. For example, France has a highly developed food industry and cosmetics, including exports and has a relatively large consumption of 15.8 kg per capita. In Italy, which has a very high share of industrial production of pasta, rice, and flour products are main food of Italians, cardboard boxes are used over 22%, and consumption of this type of packaging in Italy is 14 kg per capita.

## RESUME

The packaging and the rapid growth of population cause a significant increase in the volume, it is projected that by 2030 the population amount to 10.7 billion. This implies a significant increase in environmental requirements, including the responsible conduct requirements in practice. The development of packaging materials and packaging, from an environmental point of view, must include the following priority objectives: reducing the mass of waste, enabling re-use, enabling the recycling, and the provision of controlled burning, weight reduction for disposal in landfills. To environmental protection must be given more and more attention, on a daily basis. Accepting the fact that the amount of packaging will grow every day because of the increasing degree of finalization of food and be fed by rising number of consumers, its ecological status is dominant than economic one. With the imperative of winning the new technical and technological solutions, we must accept the obligation to protect, restore, and improve the environment, which is only possible by adopting the so-called postulates of sustainable development. This concept involves an intensive scientific research on developing and implementing new technical and technological solutions that will restore and improve environment.



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## FROM CRISIS TO CRISIS?

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“Improve the State of the World: Rethink, Redesign, and Rebuild”

Executive Summary, Davos, 2011

### **Abstract:**

*This paper analyzes the effects of financial crisis, and points to the asymmetric of effects, which manifest themselves in at least three levels, i.e. between developed countries and countries with emerging markets, between industrial and financial sectors in the least developed countries. Attention is focused on the measures taken in the financial sector, whose crisis was the trigger of a global crisis and recession and whose new architecture should be the main backbone of the future system.*

### **Keywords:**

*fiscal stress, quantitative easing, corporate euthanasia, recession*

## INTRODUCTION

By thinking, people evaluate that this world is faced with serious value problems. Politicians are interested in power, and therefore pragmatic actions, and economists for economic growth and profit. Not taking into account moral and political issues of modern humankind burdened with inadequate answers, it is evident that the financial crisis in 2008 opened Pandora's Box from which all the bad things of the contemporary global economic system, especially global capitalism, came out. It pointed out to weaknesses of the current thinking of the economic system at national and global level. It shook the foundations of economic science and the quality of some existing laws. It has shown weakness in the estimates, in effect, but also proposed solutions too. Is the world at a turning point? Do we live in a period of significant changes in the global economy? Whether the solutions offered so far give grounds for optimism? This paper tries to answer these questions by focusing on the solutions being offered in the financial sphere. Focusing on finances is the consequence of a general agreement that the banking and financial system as a whole should have the key, stabilizing role in the future system.



Optimism is not appropriate when we consider the number of failed attempts so far at the international level to begin to remove the key risks of the world. There are many, and among them, we should mention the failure of the conference in Amsterdam on global warming, little progress in multilateral trade negotiations in Doha, poor results in the UN Millennium Goals, little progress in redefining the Security Council or agreement on the proliferation of nuclear weapons.

### **SOME OPENED QUESTIONS AND OFFERED ANSWERS**

The crisis has not passed within the period is anticipated. Although in 2010 growth rates in developed countries were recorded, they are relatively modest. Projection of world GDP growth for 2011 was 4.3%, while in developed countries will amount to 2.4%, while in countries with emerging markets is going to be slightly lower than in the 2010, but still with a high level of 6%.<sup>141</sup>

If we analyze recessions in 1975, 1982, 1991, and 2008, it can be seen that the effects of each of them were different. The biggest negative consequences of this recession were decrease in total exports and imports of 11.75% in 2009, decrease per capita investment for the 8.74%, drop in industrial production of 6.23 %, the decline of capital as a percentage of GDP from 6.18% and rising of unemployment in the developed countries of 2.56%.<sup>142</sup>

Coordination of the international community through the G-20 immediately after the disclosure of the crisis is conveniently operated in the direction of increasing confidence and mitigation of the effects of infection.<sup>143</sup>

The consequences of the crisis are asymmetric, geographically and sectorial.

This asymmetry is manifested in at least three levels:

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<sup>141</sup> IMF, *World Economic Outlook*, 2010.

<sup>142</sup> IMF, *World Economic and Financial Outlook*, 2009.

<sup>143</sup> Nordic crisis served as a good basis for initial action into direction of minimum retention of confidence and strong state intervention in order to avoid panic behavior



**The revival in three speeds** In developed countries crisis characterize deeper, negative effects and to all projections will take longer, especially in EU countries, primarily due to debt crisis and the euro area in whole. Asymmetry of the growth dynamics exist among developed countries too. Countries with emerging markets are feeling the crisis in the reduction of economic growth due to reducing of aggregate demand in the world, but they failed to meet the high growth rates. The second level is **the relationship of industry and financial sector**. Industrial production recorded a big drop and found itself before the necessity of its own restructuring. The necessity of restructuring can lead to dynamics of technological innovations, to contribute to the modernization of management and methods of reducing costs. There are attempts to find other solutions. For example, in Japan the approach of “corporate euthanasia” is obvious.<sup>144</sup> The oldest company in the world, Kongo Gumu, which began operations in 578 when it built a Buddhist temple, will cease to exist as other companies with century-old tradition. The reason is their lack of productivity and reduced competitiveness. The aim of corporate euthanasia is to create conditions for increasing productivity. These activities may create additional tension to an already boiling market due to the rise of unemployment.

Financial sector, when it is developed, is stable and important for the real economy through increased investment and portfolio diversification. Through the distribution of different social groups and industries enables economic growth and lower costs. The financial sector was the immediate trigger of the crisis and it is also its biggest loser, if you analyze performance.

Bearing in mind the fact that catastrophic risks multiply, there are ideas to transfer them onto financial markets through the introduction of bonds related to the type of risk called Alternative risk transfer (ART) which can emit individuals, corporations, and governments to protect the predefined risk. Such bonds have been issued against the pandemic, terrorism, and natural disasters. The second form is the index of time representing the micro-insurance of farmers. These financial instruments shall be deemed to create a basis for providing capital to hedge of catastrophic risk. Securitized products market (ABS, MBS, etc.)<sup>145</sup> has collapsed.

Different activities can be seen in the loan market. Loans have fallen in the countries of Eastern Europe in 2009, and in 2010, and to a lesser extent in country L. America.

Due to the large inflow of portfolio investments in the countries of South Asia and some countries in L. America has forced some to work to minimize the pressure on appreciation of their own currency exchange rate approach to the introduction of capital control measures (Brazil and China).

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<sup>144</sup> „Corporate euthanasia“, The Economist , November 20, 2010.

<sup>145</sup> Asset backed securities (ABS), mortgage backed securities (MBS)



Foreign currency markets in turn recorded a resistance to the crisis. Daily turnover of traditional products in the foreign exchange market in April 2009 was USD\$ 3.9 trillion, while on non-traditional instruments is estimated at USD\$ 4.3 trillion. There are two causes: the first is that foreign currencies are seen as "asset class" investments, which, because of volatility in movements in exchange rates may provide higher yields compared to other investments. The second reason is the crisis in euro zone. A possibility that retailers, thanks to electronic trading appear on the market, whose share in total trade is estimated at 5%, could not be found among the reasons to explain the trading volume.

FDIs fell by 12% and according to forecasts, this important segment of capital flows will not revive until 2013. This is important for countries where FDIs are important for economic growth, but also to restructure their economies. In the UK, there are ongoing discussions on the introduction of taxes called Robin Hood tax, which would imposed a tax on banks, and funds would be directed towards reducing poverty in the UK and abroad. In the direction of creating a stable financial system globally is generally agreed on the need to strengthen supervision by the state formed bodies, the increasing ratio of capital and liquidity issues, the retention of risk in securitization, as well as improving transparency on the OTC derivatives market, as well as the abandonment of keeping these sheet transactions off-balances.

New, complex measures and controls will force banks to increase the cost of capital or to decide to choose locations where there are less regulatory costs. Potential asymmetry in the regulations may result in unfair competition because it is recommended greater cooperation at the international level. A shift in relations between the state and market is dramatic. Generous financial support at the beginning of the crisis continued in the form of "quantitative easing" i.e. inserting liquid assets on the market buying government bonds and other assets, both in the U.S., as well as buying in euro zone. Fed and ECB buy the bonds.<sup>146</sup> Monetary policy is expansionary and supports and other unconventional instruments of liquidity supply, which in addition to quantitative easing in the form of the promise of keeping interest rates low, or in direct support of dysfunctional markets. State provides other financial guarantees and financial injections to institutions. Fiscal policy has taken a very important role in supporting the revitalization and stabilization, but due to imbalances and public debt issues, "fiscal stress" appears.

"Financial Repression" in 70's (McKinnon and E. Show)<sup>147</sup> has been replaced by "financial

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<sup>146</sup> In the EU, the European Financial Stability Facility (EFSF) in the activities of the ECB through the Securities Markets Program (SMP) is created, which provided link between sovereign funds and banking markets. Therefore, until August 2010, ECB under the SMP has bought €60.8 billion of government bonds.

<sup>147</sup> McKinnon, Ronald I., 1973, *Money and Capital in Economic Development* (Washington, Brooking Institution), Show Edward S., 1973, *Financial Deepening in Economic Development* (New York, Oxford University Press)



liberalization”, which proves to be ineffective and that assumes a new approach to prudential control. Therefore, if to this is added to strengthening of the regulatory and prudential measures of the state, then the conclusion that the state of crisis strengthens its function and suppressed market. Still, countries are still weak, which among other things, is manifested in the persistence of illegal economy that involves the illegal trade (it is estimated that in 2009 was US\$1.3 trillion and is increasing), as well as the persistence of organized crime and corruption. A growing number of experts point to the fact that liberalization in the world of finance does not mean that in itself provides the depth of the market. Or that there is a necessity to support the liberalization of the appropriate policy environment that creates trust. In other words, “quality of political institutions and their credibility are necessary”.<sup>148</sup> After the debt crisis in Greece, which shook the euro zone and the euro, weaknesses in the EU became clear, mainly because appropriate measures in cases of non-compliance with Maastricht criteria were not provided. Sluggish regarding reactions has deepened the crisis and opened a number of speculative projections for the future relationship to the future of euro and relationship of this currencies and dollar. The insistence by some experts that the EMU was created by political will was aimed to highlight the lack of economic conditions for constitution of optimal currency area in the initial phase and therefore was premature. However, although slow, responses that followed the political leadership of the EU shows that for now the question of the survival of EMU and the euro cannot be questioned, although the U.S. dollar increased its importance as a “refuge value.” What is disturbing is the fact that despite the efforts and spending cuts and restrictions, the ratio of debt to GDP in developed countries will be over 100% by 2014. The reasons are in the bailout i.e. financial support to banks and financial sector as a whole (which is a kind of protectionism) and fiscal stimulus. An additional reason is the unfavorable comparison of pensioners and the working population and a lack of government funds for the appropriate transfer payments. That it is impossible in a short period after the outbreak of the crisis to consolidate public finances and research suggests the earlier crisis and conclusion that return of public debt to 40% of GDP can be achieved in average period of 6-8 years after the outbreak of the crisis.<sup>149</sup> One of the imbalances is a high public debt of all major developed countries and the absence of these problems in countries on the emerging markets. Among the latter, there is a high public debt, and some of them have accumulated substantial foreign exchange reserves that make it appear as buyers of government securities in developed countries. In that way, they are better positioned for future international economic relations. The crisis has shown the real balance of power of the world economy, whose changes suggest significant changes in the institutional solutions relevant to international organizations (Increase of IMF quota and changes in voting rights), but also actively participate in finding solutions within the G-20 and other international forums.

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<sup>148</sup> Marc Quintyn and Genevieve Verdier, “Trusting the Government“, *Finance and Development*, December 2010.



Long-standing conflict between the U.S. and China over the Renminbi rate intensified with the threat of an outbreak of the currency war. The war didn't broke out, but it is expected that the 2011 will be marked by constant tension around the USD exchange rate and China's currency.

Does the IMF and G-20 can take a key role and contribute to eliminating the imbalance? Will it be successful in the coordination of exchange rate regimes in order to avoid a currency war? Is it a better way to stimulate cooperation between creditors and debtors? Or both? Economic disparities generally represent greater risk of global economy and the potential risk of various conflicts, including political and security. Insistence on the fact that surplus developed countries focus on market reforms in goods and labor, a deficit ones to fiscal consolidation, i.e. that surplus countries in emerging markets are engaged to directing demand towards domestic sources, a deficit ones on measures to ensure growth and employment, will be hardly achievable despite the logic.<sup>150</sup> The third plane would represent **countries that do not belong to any group of developed countries and emerging markets, which are heterogeneous group**. They have common denominator, regardless of political systems that governs them, as poverty and high unemployment. The imbalance in the economic development potential is one of the greatest risks to global economic stability, and security in the world.

## RESUME

Among the key players (G-20, Davos World Economic Forum) is the ability to detect global risks, but innovative solutions are not yet discernible, they are usually repetitive but known. The reasons are their complexity and the consensus of heterogeneity. Washington consensus is no applied any more, but an alternative was not given to it, which is also a sign of weakness or intellectual impotence. It is certain that the globalization is changing its face. Even its biggest proponents and the winners take measures that could be classified into economic nationalism and populism. O. Wyman<sup>151</sup> predicts the possibility of a financial crisis by 2015 that will be manifested in the creation of bubbles in raw material prices, which will hit banks that have invested in major development projects, then the American insurance companies in the U.S., and finally Western governments. The crisis of the banking system and the collapse of commodity prices will force governments to take measures of reducing costs. The key question is whether is possible to absorb a new round of deficit spending?

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<sup>150</sup> J.Lipsky at the American Economic Association Annual Meeting, Denver, January 8, 2011, [www.info.org](http://www.info.org), January 20, 2011.

<sup>151</sup> Oliver Wyman,» The Financial Crisis of 2015», *TradeMark FundMutualFund*. February 06,2011.



Threats to various risks and fear are leading paradigm for years on which the contemporary world function, and maintain the political structure in power. Predictions or warnings of this kind merit attention because their goal is that they are not realized or minimize potential negative effects in real time. Unfavorable external environment in form of continuing to reduce the duration of aggregate demand, volatility of exchange rates, capital that is more expensive, the total uncertainty regarding the end of the crisis and the threat of new crises is posing new challenges to search for methods to increase productivity and competitiveness, and finding a route to market, domestic and foreign. Their experience along with synergy with the macroeconomic policies is probably the most efficient way to find long-term and sustainable positioning on the market, which is loaded and will be burdened with new surprises and crises.

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# CORPORATE SOCIAL RESPONSIBILITY AND HUMAN RESOURCES

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## **Abstract:**

*This work discusses the establishment and development of the European model of corporate governance as a specific approach, not only the relations of employers and employees, but also the implications of this model in overall relations and decision-making in society. At the same time stand out the three aspects of corporate governance - the integrity of the corpus of human rights and freedoms, as one of the cornerstones of corporate governance systems, economic development importance and power of corporate management, from the standpoint of creating an enabling social environment and impact on the dynamic development of human resources and the role and responsibility of all social partners.*

## **Keywords:**

*corporate governance, management, social partnership, participation, works councils*

## **INTRODUCTION**

Permanent changes in the market have resulted in efficiency and effectiveness based on knowledge and innovation. In this regard, and management as a discipline and as a practical skill has undergone great changes, especially when it comes to attitude toward the company stakeholders (employees, customers, suppliers) and shareholders and its impact on the performance and success of companies in the market.<sup>152</sup>

This new management paradigm is embodied in corporate governance that emphasizes more the relationship between management and employees as a key factor in the development and competitiveness of a company. It defines a high level of involvement of employees in the company operations through right to information, consultation and co-decision. This practice is

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<sup>152</sup> Stoner, J., Friman, R.E., Gilbert, D.R.: *Management, Želnid, Belgrade, 1997.*



supported and framed by the legal system of the European Union, which in most countries, the company undertakes to respect the directives in the field of corporate governance. The European Court of Justice (European Court of Justice) has full authority over issues of respect for the directives. Directive governing corporate governance are:

1. CRD -Collective Redundancies Directive,
2. EWC -European Works Councils Directive,
3. ARD -Acquired Rights Directive,
4. ICD -Information and Consultation Directive,
5. TOD -Takeover Directive.

It is important to mention the importance of the ECS (European Company Statute), which defines its recommendations involving employees in the work of top management in companies. European model of corporate governance means that employees have very wide powers of labor, economic and social rights of employees, as well as in terms of defining the business and development policy of the company, especially on issues that directly or indirectly affect the living and working conditions and prospects for professional development of employees. Law is developed in detail and really protected the democratic way of electing the members of works councils. The right of nomination and participation in elections open to all employees. European model (stakeholder model) defines the dual concept of employee participation, which means that they are legally separate work area and the power of trade unions and the working range and powers of representatives of employees (eg Germany).

The most important stakeholders at the EU level are from the business associations *BUSINESSEUROPE* (formerly *UNICE*), or most, interbranch representative organizations of employers, which is composed of members from the *CEFTA* countries. *ETUC* (European Trade Union Confederation) as a European representative organization for the priority objective in its program is the development of employee participation in management companies, multinational companies and European companies.<sup>153</sup>

In Serbia, the participation of employees decorated only one provision of the Labor Law (Article 205) which provides that an employee of an employer who has more than 50 employees can educate Council staff in accordance with the law. However, this option is rarely used in domestic private companies, which the ignorance of employees, as the reasons of the outdated models of management in most companies. Non-use of these opportunities, it is also conditional on union capacities undeveloped, under-development of their internal democratic

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<sup>153</sup> Lubarda, B.: *European labor law, CID, Podgorica, 2004.*



organizations, the ideological legacy of the past, and understanding of works councils as a union competition, and inability to understand the complementary role of trade unions and works councils.

Exception is for companies - foreign investors, who are from their home countries and made the transfer of knowledge and management and act in accordance with European principles and models of corporate governance. Corporate governance involves the orientation of management to employees and their motivation, a model that can be proven in practice as najplodosnosniji for the company. The European system of corporate management without a doubt should be applied in practice of domestic economy. The basic preconditions for that are permanently promoting new models of management and investment in knowledge and education in micro and macro levels, and improving the capacity of the other two social partners - government and trade unions.

### **CORPORATE GOVERNANCE - HUMAN RESOURCES-THE WAY TO INCREASE PROFITABILITY COMPANY**

We live in a world that is characterized by permanent changes caused by many factors, the socio - economic and to the technological and socio-cultural, which are usually represented. Modern companies must be prepared to successfully respond to changes in various activities in the field of vision, mission, goals, re-engineering processes and on this basis, changes in organizational structure, number and structure. In addition to external stakeholders, on changes in corporate governance affects a number of internal factors. Of managers who are developing the concept of corporate governance are expected to strategy and ongoing activities eliminate or mitigate threats and risks, eliminate weaknesses, exploit strengths and create opportunities, which directly affects the results of operations and development company. For this reason, companies pay special attention to corporate governance which is expected to provide adequate:

- inputs of human resources,
- their work engaging,
- the effects of such employment.

Efficient procurement of these elements contribute to the greatest extent, applying the modern concept of human resource management, by which we mean the systematic knowledge of



human resource management, its elements (structures and processes) and relations between them.<sup>154</sup>

Human Resources Development Strategy is essentially changed the role and sets new requirements, as the leaders, and the professionals who are professionally engaged in this task. The very fact that it is no longer a functional area, but the management activities, which is of strategic importance and influence on all the entrepreneurial functions, shows that a strategic approach involves activities at the highest level of leadership in the organization and integrating the efforts and activities in middle and lower management as a precondition for successful implementation strategies, and the new role of HR professionals.

## **EMPLOYEE PARTICIPATION IN DECISION-MAKING IN THE COMPANY**

Participatory management was formed from the enlargement of questions that they edited the collective bargaining relationship management and employees in companies. Collective bargaining has its own development and confirmed the benefits of open space and foundation for the development of other types of corporate development, and employee participation and influence in decision-making in the company. In fact, collective bargaining, which ran in the establishment of a long, controversial and complex process, gradually all the actors faced with economic, political and moral advantages, that brought all the players individually and all together. Also, collective bargaining has gradually widened its content or scope of issues to be included in the subject of collective bargaining. At the outset, collective bargaining and industrial relations as a whole, was concentrated solely on salary, length of day, specific conditions. However, it became obvious that with the development of new technologies and changes in organization and work with raising the overall level of education of employees and access to education broad social classes, that at the beginning of a very modest number of questions, which were the subject of collective bargaining, must add new, concerning the system of work organization, the social consequences of introducing new technologies, the process of professional development and improvement of professional skills and knowledge of employees and ultimately the integrated strategy of economic, technological and organizational development company.

*Collective bargaining* defines the negotiations between representatives of management and employee representatives, rights and obligations of employees and management regarding wages, working hours, workplace safety and other working conditions. In modern companies and the management and employees aware of how conflicts may disrupt current operations and

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<sup>154</sup> Čamilović, S., Vujić, V.: *Management Basics, Tecon, Belgrade, 2007.*



stability.<sup>155</sup> The establishment of this new corpus of human rights and the development of numerous forms of participation and influence of employees in decision-making was influenced significantly increase the role of government in the economic life of society, which has affected the focus of increasingly extend the economy to state and / or policies of economic, technological and social development of society.<sup>156</sup>

Participation of employees in modern companies involves two types of participation: direct and indirect. Direct participation is defined very limited individual employee participation in decision-making in the company. Examples of direct participation of the briefing groups, quality circles, problem-solving teams and one kinds of a financial participation participation. As a direct form of employee participation, financial participation, which includes the award pursuant to the exercise profit company aims to improve competition among highly-educated employees in all phases of the business process. Initiatives for the financial participation of employees in the company predicts that employees with shares in companies have more reason and motivation to be more productive.

The modern theory of corporate governance, there are three different types of rewarding employees in the company, which includes a model of participation of employees in the division of profits that can be seen in Table 1:

**Table 1:** Types of rewarding employees

<b>Award Type</b>	<b>Examples</b>	<b>Type of behavior</b>
Individual awards	The base salary Overtime Level shares Commission Bonuses Company contributions Compensated Absences	<i>Time:</i> maintaining the presence of workers <i>Energy:</i> performing tasks <i>Competence:</i> complete tasks without errors

<sup>155</sup> Marinković, V. *Human Resources concerning the challenges of globalization, the Foundation Andrejevic, Belgrade, 2009.*

<sup>156</sup> Dauderstadt M. and Witte L. (eds) *Work and welfare in the Enlarging Euroland*, FES, Bonn, 2002.



	Benefits	
Team Awards	Bonuses for the team Profit sharing	<i>Cooperation:</i> with team members
Organizational Awards	Division of profits Equity stakes Profit sharing	Participation in the realization of company goals

*Source: Bratton, J. and Gold, J.: Human Resource Management, Palgrave Macmillan, New York, 2007.*

**Indirect** participation implies a form of participation in which representatives or delegates of the employees participating in the work and key decision-making body at the company. The best examples of this are the institutions of works councils “worker directors”. Contemporary theories and models of corporate governance, identifies four main practical activities of the representatives of employees: <sup>157</sup>

- information,
- consultation ,
- collective bargaining,
- co-decision.

**Informing** employees, could be made by the representatives of these allows you access to documentation, especially as concerns the financial position and working conditions of employees, reporting, employee representatives and the submission of the report available to management, and information sessions with representatives of employee representatives of the management.

**Consult** representatives of employees is achieved through the following forms: making proposals by the employee representatives, consultative meetings with representatives of employees, where employee representatives have the opportunity to state their opinions, views and proposals on specific issues and face them with the attitudes of employers. The most

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<sup>157</sup> *Worker representation systems at company level in Europe*, „ETUI“, Brussels , 1999.



important and most influential form of consulting the permanent consultative body composed of representatives of employers and employees.

**Co-decision** is implemented through the joint establishment procedures for decision making and resolution of certain issues, the right to veto decisions made in the joint bodies, in which case it runs a special procedure for resolving the dispute, the involvement of the employees in the process of making business decisions at the company, forming joint body composed of representatives of employers and employees who have the right to decide on certain issues. Representative bodies of employees are engaged in a wide range of issues, which directly or indirectly affect the financial position and working conditions of employees. Following the historical course of development of employee participation, we can see a tendency of continuous expansion of issues addressed by the representative bodies of employees. That type of employee involvement in decision-making in the enterprise is the result of the interconnectedness of all issues of economic, technological, organizational development company, and working conditions of employees exercising their labor rights and higher proficiency level of efficiency and productivity.<sup>158</sup>

Matter within the scope of work of representative bodies of employees can be classified into the following groups:

- economic issues,
- social and professional,
- health and safety at work,
- social standards and culture,
- special requirements of employees.

## **ROLE OF MANAGERS IN THE IMPLEMENTATION OF CORPORATE GOVERNANCE IN MODERN COMPANIES**

The management revolution has brought to the area business community managers who need to be supported by the power of knowledge, skills and personal traits. The process of copying new multidisciplinary management knowledge and skills is a dynamic process that provides an autonomous development of each company. Managers as representatives of management, modern rationality and profitability, they must be trained to be integrated and independent authority figures handle changes and processes. The changes have become so complex and

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<sup>158</sup> Kulić, Z.: *Industrial Relations, Megatrend University, Belgrade, 2006.*



dynamic that from their knowledge and skills and their effects in the economy and society largely depends on the fate of world order.

Corporate governance is the team interaction and collaboration of people of different interdisciplinary knowledge in the field:

- organization of work,
- working and general psychology,
- macro and micro economics,
- economics and sociology of work,
- economics of education,
- employment and social rights,
- pedagogy and communication.

The teaching staff in the field of corporate governance, in addition to knowledge is required to have a personal preference, like “working with people”. Due to the speed of copying and technological changes, the dynamics of globalization and internationalization of business and markets, companies must take account of the intensive development of effective managers, without which they can not survive even a private, not public or state-owned enterprises that will contribute to raising the educational structure and establish a new quality management population. Upcoming changes, as a constant, but also as a goal the development of civilization require capable managers to manage these changes with the support of the knowledge, skills and personal strengths and to act as the main agents of change in the management process at the company level, social services, public institutions and state apparatus in whole.<sup>159</sup>

## CONCLUSION

In compliance with the new development strategies and permanent changes in the market, the company special emphasis should be placed on the motivation of employees in order to achieve greater efficiency, effectiveness and productivity and quality through the realization of the generic process of human resource management and the creation of modern flexible organizations. Also, it is important to implement the policy of partnership management should be mentioned and employees in companies as a basis for promoting competitiveness, because at the time of advanced technology and innovation, the only organization based partnership can win in all the more difficult and fast competition. It is certain that management has the primary

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<sup>159</sup> Jovanović, M.: *Intercultural Management*, Megatrend University, Belgrade, 2006.



responsibility in the implementation process of corporate governance especially in terms of flexibility and openness for participation of employees in decision-making in the company through information, consultation and co-decision.

The definition of partnership, it also says that the partners can not give orders, they should be assured. Increasingly, therefore the management of people "marketing business". And marketers do not start from the question what we want? It starts from the question: What Does the other side, what are its values, what are its goals, what would it be considered as a result?

European model of corporate governance in practice proved a very effective method of achieving higher levels of efficiency and effectiveness of modern organizations. The essence of this model is constantly promoting the line of communication management - in order to strengthen employee motivation and productivity of employees in the business process. The greatest responsibility in the process of implementing a contemporary model of corporate governance logically have managers in the new global market tendency the main focus of its activities are placed on human potential and its development. It is a prerequisite for strengthening the competitiveness of the market that includes all the powerful development company based on knowledge and new technologies. European model of management is based on quality and partnership management and staff that include the four cornerstones (informing employees, consultation, co-decision and participation) and whose application, especially in large enterprises has resulted in high levels of competitiveness in relation to Japanese and American economy.

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## INCREASING ROLE OF IMF IN TERMS OF MODERN FINANCIAL CRISIS

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### **Abstract:**

*This work discusses the establishment and development of the European model of corporate governance as a specific approach, not only the relations of employers and employees, but also the implications of this model in overall relations and decision-making in society. At the same time stand out the three aspects of corporate governance - the integrity of the corpus of human rights and freedoms, as one of the cornerstones of corporate governance systems, economic development importance and power of corporate management, from the standpoint of creating an enabling social environment and impact on the dynamic development of human resources and the role and responsibility of all social partners.*

### **Keywords:**

*IMF, financial markets, finance, financial crisis.*

### **INTRODUCTION**

In the past hundred years, international finance have recorded rapid and in some periods and very rapid development. During this period, the national financial markets, increasingly lost the attribute of national and increasingly becoming part of a global, world, financial markets. Consequently, economic growth and development of individual economic entities, could no longer depend only on the actions taken by policy makers of the economic entity. The establishment of the IMF had a goal, to provide matching funds for states that need additional financial assistance to economically stabilize. Today its Reach very diverse. In addition to financial, provides technical and other expert assistance and engages in a number of issues related to trade and development.

Some of the authors agree in finding that one of the most important causes of international financial crisis, the use of dollar as world money and needs a different structure of the international monetary and financial arena. It is evident that the role of the IMF and the World Bank is of crucial importance for Serbia and other developing countries that are facing the



consequences of global economic crisis. Serbia thanks to the arrangement with the IMF - mail, provide external liquidity, while her SB helps in achieving internal liquidity by reducing the budget deficit and continuing implementation structural economic reforms.

## INTERNATIONAL MONETARY FUND

The International Monetary Fund - IMF is a specialized financial agency of the United Nations with headquarters in Washington, with over 180 member countries. Founded on 22 July 1944th with the aim to provide matching funds for states that need additional financial assistance to economically stabilize. Experience between the two world wars have eliminated it in the forefront major issues in the monetary system that was a challenge for large countries. The way out of this situation could only be requested in a single international monetary system that allows normal development of trade and payments. The new monetary system had to adapt to new relationships in the world economy after World War II.

After the Second World War the United States occupy the gold stock of 25 billion dollars, the price of 35 dollars for one ounce of gold and one ounce of pure gold was 31, 1035 grams.<sup>160</sup> At the initiative of the United States and Great Britain there was a meeting of the American city of Bretton Woods, New Hampsture, where the access agreement on the establishment of the IMF as the central institutions of the international monetary system, which should be an instrument developed economy.<sup>161</sup> According to the original agreement, each country had a quota in the IMF. Quotas are determined based on the size of the country, estimated power at the end of World War II, as well as on the volume of trade with foreign countries which have had before the war.

The IMF has a very diverse range of activities. During the regular consultations that the IMF performed with each Member State, measures a country economic policies are the subject of discussion. If the Fund finds that when a measure is contrary to the purposes of the Fund, usually followed by his reaction, which goes to a denial of that country able to use funds in the Fund. To be a member of the Fund used the funds it needs to convince the rational measures that wants to take the adjustment in the economy or not has to serve the Fund with the request for use of resources. The Fund was able to influence the economic policies of some Member States only when it uses its resources.

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<sup>160</sup> Pušara, K (1998): International Business Finance, University of BC

<sup>161</sup> Mrkušić, Ž: (1968): International finance, Informator, Zagreb



## **Objectives identified IMF**

According to author D. Dašić via facti IMF chief financial - economic planner for the whole world, dedicated to the elimination of structural imbalances in the economies of many countries around the world. It is believed that the IMF in this respect is irreplaceable global economic institutions. The main goals of IMF are:

- development of international monetary cooperation,
- consideration of issues which are functioning international monetary system,
- maintaining stability in exchange rates,
- encouraging multilateral payment system for current transactions,
- elimination of exchange restrictions in order to increase the volume of world trade,
- providing financial assistance to member countries to overcome balance of payments imbalances,
- support the balanced growth of international trade, which contributes to maintaining high levels of employment and real income in the world.

## **Forms of financial involvement IMF**

The basic form of financial activities of the Fund approval of financial resources the member countries with temporary balance of payments difficulties and short-term financial support for economic stabilization program, the member states that it intends to overcome difficulties in balance of payments. Adjustment programs supported by the Fund or its assets catalyze from numerous sources. Rating Fund stabilization program to any one country "reasonable" creates conditions for further borrowing and the country capital market. Stabilization program agreed with the Fund for commercial banks is a program that "reduced risk".

Conditions in terms of economic policy the borrower are different from the amount of funds used by the Fund. If the amount does not exceed half of the quota, the conditions are relatively mild, and over it all the sharper.

In addition to the monetary-credit policy and exchange rate, a typical program includes measures of fiscal policy (reducing public expenditure, increase taxes), increase in domestic interest rates and prices of products of the real level, policies to increase investment and improve their efficiency, liberalization of foreign trade and exchange regime and the restriction wages (salaries).

Procedures and policies of the IMF concerning the use of its funds are known as "conditionality". Specific conditions for the use of regular resources for the Fund, in terms of economic policy the borrower, are different for each tranche kredinu. They have 4, each



corresponding quarter of the quota by member states. It is very sharp dependence if we use the so-called. More credit tranches, especially the third and fourth. IMF conveniently solves these requests when it is satisfied that supports the "Healthy" program, which intends to establish or maintain lasting stability of the payment balance of the member states, the real exchange rate. It is therefore necessary that a member state of the economy presents a program of healing, which includes measures of economic policies that it intends to implement in the period in which they received funds.

With the use of funds by higher credit tranches, the IMF is determined using the dynamics of each installment and conditional execution of commitments by member states with regard to implementation of economic policies form the basis of the stabilization program agreed with the Fund. The criteria that the Fund is usually applied in the external sector in the use of funds by higher credit tranches, are as follows: foreign exchange, trade or import restrictions, the limiting current account deficits, limiting foreign exchange reserves in convertible currencies, limiting external borrowing. Sharp dependence is the reason why developing countries have used funds from the IMF in a relatively small scale.

## FORMS OF SUPPORT IMF

The basic forms of support from the IMF are:

**Stand-By Arrangements** - SBA the basic and most widespread form of financial support from the IMF. SBA is designed to address short-canvas - balance problems that a member state is facing. SBA length is usually 12 - 18 months. Returning the borrowed funds is expected after 2 ¼ - 4 years, unless an extension is granted. Stand-by arrangement, based on previously accepted the economic program the country-debtor to restructure part of the ongoing obligations arising from foreign debt to that institution, with the acceptance of strict liability in the implementation of macroeconomic policy.

**Extended Fund Facility** - EFF established in 1974. in order to support member country which is faced with structural economic problems that cause serious weaknesses in the balance of payments. EFF arrangements relate to a period longer than 3 years, and the returning of borrowed funds is expected after 4 ¼ - 7 years, unless an extension is granted.

**Poverty Reduction and Growth Facility** - PRGF is a form of support from the IMF, established in November 1999. year, which replaced the earlier arrangement: *Enhanced Structural Adjustment Facility* - *ESAF*. PRGF is designed to provide financial support to low-income countries, faced with long-term balance of payments adjustment. PRGF loans are approved based on studies of poverty reduction strategy, with an interest rate of 0.5% and their return is expected after 5 ½ - 10 years, unless an extension is granted.



**Supplemental Reserve Facility** - SRF established in 1997. in order to provide credit support to the Member State facing particular difficulties in balance of payments caused by the sudden loss of market confidence due to sudden capital outflows. SRF loans are granted in the short term, from 1 - 1 ½ years, with possibility of extension for one more year, at a total cost of the loan of 3 - 5%. Loan amounts are generally high.

**Contingent Credit Lines** - CCL as a mechanism to support the IMF, was established in 1999. in order to support Member States to prevent an outbreak of economic crisis, exposed to danger from the impact of economic crisis that exists anywhere in the world-a phenomenon known as &quot;financial contagion&quot;. Terms of loan repayment as the SRF, but at a lower cost of the loan, from 1 ½ - 3 ½%.

**Compensatory Financing Facility** - CFF was established in 1960 to assist member country which is faced with a sudden drop in export revenues or increase in cereal import costs due to fluctuations in world prices of these commodities. Financial terms of loan repayment as the SBA, except that the CFF loans at no cost.

**Emergency Assistance** - EA the mechanism introduced 1962nd in order to assist member countries with balance of payments problems caused by unpredictable natural disasters. For EA loans are paid a basic interest, and must be returned within 3 ½ - 5 years.

## MODERN FINANCIAL CRISIS

By the Great Depression was due to mass abuse a funded market and excessive speculation in the stock market, which led to a colossal exacerbate fictitious capital and the artificial gap between the exchange value of shares and accounting and balance sheet values. The epicenter of the crisis and today, were the U.S., which had the most developed market fund. The modern stock market crisis in some parameters even surpassed the great world crisis. Blurred illusion turned into a clear, catastrophic crisis and threatening reality. Financial innovations have enabled virtual domination huge sums of speculative capital. Extremely important role in the globalization of emerging self-transnational capital, which in economic terms anacionalan, because it has its own logic of existence and development, the original structure and internal goals, great freedom of moving and a weak ability to control. There have been refined as more risky and unpredictable form of financial instrument. They have created new possibilities of speculation based on the change of exchange rates, shares and other financial assets. Began to trade money as traditional commodities, and currency speculation have become the most lucrative market operations. The money is invested in government purchase bad bank assets. Fund market for years increased the fake money that was separated from the sphere of the real economy. In the United States began the policy of cheap money available for loans stimulating economic activities. Consumers are taking low-cost loans and spend them on property, expensive cars and yachts, whose prices are rising through the roof. Spiral-consumption-loans



new loans quickly spread. Inflated property prices and luxury items were created by the appearance of the value of collateral. Then the banks gave more and more loans at higher interest rates, less secure clients. Profits are rising and shone over participants mentioned the chain. Simultaneously, banks were giving loans, mortgage-backed securities broadcast with an unrealistically high ratings and sold them to investors, which they have been attractive because of high interest rates that have made as non-standard lenders. Demand for housing has slowed, and prices consequently, a nonstandard lenders have collapsed. Opened a new spiral, characterized by two totally different characteristics: the reality and reverse (downward) direction, which leads to a strong economic recession. Obviously follows from this that the institute has scheduled control.

According to some experts, one of the most important causes of international financial crisis is to use the dollar as world money and needs a different structure of the international monetary and financial arena. After the establishment of the euro zone and the concentration of Asian countries over the yen currency bloc, the need of forming a currency bloc and the fourth.<sup>162</sup>

Former Soviet Union and some Asian countries, who are dependent on mutual economic cooperation, they feel the need to co-payments are not done in dollars, but in its new currency: be it a specific monetary unit, which could be a Soviet machine, or a new accounting currency similar to the former variable rubles - the currency used by the calculations of mutual payments in the country of the former COMECON. These countries are due Inconvertibility national currencies in mutual payments, first used the system of bilateral clearing. Bilateral clearing agreements are the 1957 th year were replaced by the Agreement on multilateral clearing, along with the establishment of an accounting center "Raščotnaja Palace" with the National Bank of the USSR, and payments were carried out in the Soviet ruble as the accounting unit. Translation machine was the annual collective member currencies COMECON in the multilateral system of calculation and with the support of two banks MBES and MIB (International Investment Bank), which ceased to exist with the dissolution of Comecon. Translation machine had a real commodity coverage. Today, the economic power of Russia, and other countries and provides strength and their currencies and therefore, in these countries occurs initiatives and the need for establishing a new currency bloc. The crisis in international financial markets points to the need of building a new multicurrency global monetary system, in which each national currency to participate in accordance with the economic strength of a country that is the currency issued. This system is a necessary prerequisite for a stable international economic cooperation, development of world trade and development of world economy.

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<sup>162</sup> Mrdaković-Cvetković R, (2009): International financial markets - Analysis of some causes of the crisis, Ekonomiska Policy



## **ROLE OF THE IMF IN SERBIA IN THE MODERN FINANCIAL CRISIS**

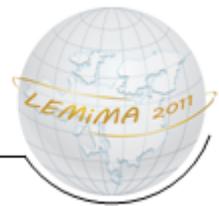
Almost every country with unstable political and economic system will sooner or later turn to the IMF which is one of the basic role of providing technical and financial assistance to countries that face problems of internal and external imbalances. It is extremely important to making decisions at the macro and micro level in the situation when the national currency is pegged to the euro, a rise in prices in the local economy exceeds the growth in prices in the European Union, when we expect further strengthening of the dollar against the euro, and therefore form expectations as to future movements in interest rates in international capital markets, when flows in the projected balance of payment signaled the possibility that the debt crisis.<sup>163</sup>

After the democratic change in Serbia in late 2000. The need for rapid macroeconomic stabilization policies resulted in the acceptance of the exchange rate as a nominal anchor. The justification of this policy can not be denied due to the existing powerful psychological effect on the public in terms of relations exchange rate - inflation. Fixing the value of national currency, first to the German mark, and then to the euro, was aimed at reduction of the rate of inflation and increasing discipline in monetary and fiscal policy. In addition, the discipline in monetary and fiscal policy is reinforced by the obligation of satisfying the performance criteria of the IMF. Right at the beginning of reform priority has been given to the reform of the banking sector, given that significant economic growth can be expected with sound banking sector that will enable the economy of much needed financial resources. The reform of the banking sector is also allowed greater presence of foreign banks, which certainly contributes to greater competition and lower costs of financing the economy and population. However, high interest rates in most cases prevent the economy to provide the necessary funding.

Although the IMF has never been explicitly determined in favor of the regime of fixed exchange rates, and methodological framework for financial programming and planning implicitly involves the application of fixed exchange rate. Fixing the dinar to the euro has its advantages and disadvantages. The loss of price competitiveness of the economy is significant. This fact is not even the IMF could not help but notice, stating, in one of his reports, that the loss of competitiveness is extremely high. However, both stated that this is not the main reason for higher imports and increased current account deficit of balance of payments. In each of its report the IMF has a nearly identical phrase that refers to the exchange rate policy - "support" exchange rate policy implemented by the central bank, but at the same time we note that one must take into account the external position. By Biljana Hroneos-Krasavac, the role of the World Bank (WB) and International Monetary Fund is crucial for

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<sup>163</sup> Miljković, D. (2008): International Finance, Faculty of Economics, Belgrade



Serbia and other developing countries that are facing the consequences of global economic crisis. Serbia thanks to the arrangement with the IMF - mail, provide external liquidity, while her SB helps in achieving internal liquidity by reducing the budget deficit and continuing sporovodenja structural economic reforms. Most countries in the region plunged into a crisis structurally impractical and incomplete reforms. Many economists believe that the crisis should be used to complete the reforms and that the countries of Central and Eastern Europe perform in the way of stable economic growth. Serbia as an advantage over other states is that short-term debt of Serbia are not large, and that its public debt is about 30 percent of gross domestic product (GDP), which leaves the possibility of additional borrowing from outside. The latest negotiations the Government of Serbia with the International Monetary Fund (IMF) completed successfully. Government has reached an agreement on the conditions of further use of credit stand-by arrangement with the IMF reached agreement on how to freeze wages and pensions be extended from 2010. year, which will be the greatest savings.

## CONCLUSION

The International Monetary Fund - IMF (International Monetary Fund - IMF) is a specialized financial agency of the United Nations with headquarters in Washington, with over 180 member countries. Founded on 22 July 1944th with the aim to provide matching funds for states that need additional financial assistance to economically stabilize.

**The main goals of IMF are:** development of international monetary cooperation, discuss problems in the area of operation of the international monetary system, maintenance of stability in exchange rates, encouraging multilateralizacije payment system for current transactions, removing foreign exchange controls in order to increase the volume of world trade, financial assistance to member countries to overcome balance of payments imbalance, supporting the balanced growth of international trade, which contributes to maintaining high levels of employment and real income in the world. Almost every country with unstable political and economic system will sooner or later turn to the IMF which is one of the basic role of providing technical and financial assistance to countries that face problems of internal and external imbalances.

The role of the IMF and the World Bank is of crucial importance for Serbia and other developing countries that are facing the consequences of the global economic crisis. Serbia thanks to the arrangement with the IMF - mail, provide external liquidity, while her SB helps in achieving internal liquidity by reducing the budget deficit and continuing implementation structural economic reforms.



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## КОМПЬЮТЕРНАЯ ПРЕСТУПНОСТЬ – НЕКОТОРЫЕ МИРОВЫЕ ОПЫТЫ И ОТЕЧЕСТВЕННОЕ УГОЛОВНОЕ ПРАВО

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### **Резюме:**

*Компьютер является одним из самых значительных и самых революционных достижений технико-технологического развития в конце XX века. Несомненно, компьютер носит с собой огромную пользу для человечества, но он вскоре стал средством злоупотребления бессовестных отдельных индивидов и групп. Тем способом создается компьютерная преступность, в качестве особенной и специфической формы современной преступности. Компьютер становится средством или орудием для совершения уголовных дел.*

### **Ключевые слова:**

*компьютер, преступность, мировой опыт, отечественные распоряжения*

### **ВВЕДЕНИЕ**

К компьютерной преступности относятся различные формы и модальитеты проявления противоправового поведения, направленного против безопасности информационных и компьютерных систем в целом и их отдельных частей, разными способами и средствами, в намерении достать пользу (имущественного или неимущественного характера) для себя или для другого, или причинить ущерб другому. Авторы в настоящей работе указывают на разные формы проявления этого вида преступности, проблемы подавления ее, как на мировом, так и на отечественном уровне, понятие, объект защиты и поступки совершения уголовных дел против безопасности компьютерной информации, содержащихся в Уголовном кодексе Республики Сербии.



## **МИРОВОЙ ОПЫТ В БОРЬБЕ ПРОТИВ КОМПЬЮТЕРНОЙ ПРЕСТУПНОСТИ**

Вопрос защиты и безопасности компьютерных данных некоторые эксперты ставят в контекст вопроса морали. Тем не менее, если в какой-то среде не существует определенный моральный подход к этой проблеме, в том случае не исполнены все нужные препосылки для эффективной защиты интеллектуальной собственности и других общественных ценностей.<sup>165</sup> Преобладающая часть прав защиты интеллектуальной собственности обеспечивается путем гражданско-юридической защиты, в рамках которой ополномоченные компании процедурным путем возбуждают дела перед судом. Таким образом, обеспечивание защиты имеет некоторые слабости, заключающиеся в следующем: компетентные государственные органы редко по служебной должности возбуждают дела; в высшей степени лишь сами потерпевшие ополномочены возбуждать дела, т.е. подать в суд; государство включается в дело только по факту совершения уголовного дела; высоко поставленные стандарты для возбуждения уголовного дела. В Соединенных Штатах Америки Специальное агентство по компьютерным преступлениям и преступности в области нарушений прав интеллектуальной собственности – единственная, обладающая полномочиями для возбуждения уголовного дела. Касательно пиратства, условием для существования уголовного дела является создание одной или больше копий определенного продукта, стоимость которого превышает тысячу динаров, с целью продажи. Моменты этого уголовного дела – стоимость интеллектуального продукта и определенная коммерческая прибыль от распространения. Копирование и контрабанда программного обеспечения являются своеобразной проблемой для установления правового определения уголовного дела, имея в виду то, что в технологии копирования произошли перемены. Здесь различаются два технологических периода: период до цифровой революции и период постцифровой революции в новейшем времени. В период до цифровой революции известны многочисленные случаи копирования видеокассет с фильмами и другими интеллектуальными произведениями. Способ обнаружения нелегально копированных видеоснимков относительно прост, то есть, он производится так, что органы обнаружения следят за торговлей подозреваемого и тем образом устанавливают наличие всех важных моментов приведенного уголовного дела, затем накладывают арест на товар в магазине и сравнивают его с оригинальными кассетами и весь материал поставляют государственному прокурору для дальнейшей процедуры.

Период постцифровой революции характеризуется тем, что копирование и неуполномоченное использование прав интеллектуальной собственности происходит в

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Интернете на так называемых Ware Site сайтах. На этих узлах сами пользователи дают свой программное обеспечение, которое они предварительно скопировали, и тем способом дают возможность другим пользователям ознакомиться с ним и использовать его на своих компьютерах, следовательно, распространить и расширить нарушение прав интеллектуальной собственности до бесконечности. Когда речь заходит о неуполномоченном копировании, в отдельных странах органы обнаружения/преследования имеют полномочия проводить так называемые "секретные операции". Операция заключается в организованном наблюдении Интернета, после чего устанавливается, на пример, что: подозреваемый использовал один университетский компьютер для того, чтобы на нем организовал пиратский сайт. Тем образом организованные сайты чаще всего организуются нелегально, на работе, или в какой-нибудь фирме, у которой доступ в Интернет гораздо быстрее, то есть, большая скорость передачи. Большая скорость передачи позволяет более быстрое обслуживание, более быстрое скачивание программного обеспечения, что не было бы возможным, если бы сайт был организован на компьютере послабее, на домашнем адресе.

Отдельным видом совершителей этих уголовных дел считаются пираты на определенном уровне (Pirates With Attitude – PWA). Речь идет о тайных группах совершителей, имеющих свою структуру. Они общаются посредством IRC, где доступ разрешен только членам с паролем, где новые члены принимаются голосованием, а уже являющиеся членами продвигаются. Они используют FTP узлы для передачи или аннулирования библиотек пиратского программного обеспечения, и здесь IP известен лишь тем, кто предварительно получил пользовательское имя и пароль.

Уголовное преследование в европейской континентальной системе осуществляется публичной прокуратурой, являющейся частью правосудия и представляющей собой самостоятельный орган, отдельный от исполнительной власти и Парламента. В досудебном производстве обнаружение преступника и подача заявления в суд выполняются полицией, а государственный прокурор решает о дальнейшем ходе производства.

На уровне международной борьбы против компьютерной преступности замечены некоторые из следующих видов преступного поведения: публикация генераторов паролей различных систем защиты, расшифровка версии, ломка пароля и ознакомление с системами защиты на серверных версиях.

Также, налицо некоторые обстоятельства, потакающие этот вид преступлений, а именно: распространенность сети Интернет, анонимность в Интернете, легкость общения в Интернете и большие возможности скрывания следов, трудности в осуществлении расследований на транснациональном уровне (нужная помощь иностранного правосудия).



Существуют многочисленные сложности в ходе расследования и обнаружения этих дел, такие как: уголовное преступление совершается с большого расстояния, доказательства о существовании электронных команд, аккаунтов и т.п. легко уничтожаются, идентитет совершителя как участника в общении в Сети возможно открыть, но это осложняется из-за способа, которым совершители идентифицируются и т.п.

Из всего изложенного можно прийти к выводу, что глобальный характер Интернета осложняет применение любого, а особенно национального законодательства. В многих странах наличествуют современные национальные законодательства, предусматривающие уголовное преследование, но уголовное преследование не применяется с одинаковой эффективностью.

В целях подавления компьютерной преступности международные конвенции предусматривают, чтобы все виды вредного поведения в Интернете были преследованы в качестве уголовных преступлений, что подразумевает обязанность стран, приступивших к конвенциям, внести соответствующие уголовные распоряжения в свои законы, так же как и предусмотреть определенный механизм для взаимной помощи в обнаружении и уголовном преследовании.

## **ОТЕЧЕСТВЕННОЕ УГОЛОВНОЕ ЗАКОНОДАТЕЛЬСТВО В ОБЛАСТИ КОМПЬЮТЕРНОЙ ПРЕСТУПНОСТИ**

Отечественное уголовное законодательство, следя за трендами в борьбе против компьютерной преступности, этому вопросу посвящает особое внимание в Главе XV отдельной части Уголовного кодекса под заглавием "Уголовные преступления против безопасности компьютерной информации".<sup>166</sup> Распоряжения Уголовного кодекса Республики Сербии указывают на следующие черты компьютерной преступности: объектом защиты является безопасность компьютерных данных или информационной системы в общем или отдельной ее части; особенный, специфический характер и сущность противоправной деятельности индивидов; особые знания и специализация совершителей этих преступлений исключают возможность, чтобы каждое, любое лицо могло очутиться в такой роли; особый способ и средство совершения действия – с помощью или использованием компьютера; намерение совершителя, как субъективный

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<sup>166</sup> · Krivični zakonik- skraćeno KZ RS („, Službeni glasnik RS“, broj 85/2005, 88/2005, 107/2005, 72/2009 i 111/2009).



момент во время совершения действия, сказывающееся в намерении получить пользу для себя или другого или причинить ущерб другому физическому или юридическому лицу.<sup>167</sup>

Совершение действия заключается в следующем: удаление, изменение, повреждение и приведение в негодность компьютерных данных или программ,<sup>168</sup> ввод, уничтожение, удаление, изменение, повреждение, утаивание и приведение в негодность иным путем компьютерных данных или программ, т.е. уничтожение или повреждение компьютера или иного устройства для электронной обработки и передачи данных;<sup>169</sup> создание-разработка компьютерного вируса, ввод компьютерного вируса, непосредственно или посредством, в чужой компьютер или компьютерную сеть, несмотря на то, кто этот вирус создал;<sup>170</sup> утаивание и маскировка компьютерной информации;<sup>171</sup> неуполномоченное подключение к компьютеру или компьютерной сети или доступ к электронной обработке данных;<sup>172</sup> предотвращение и воспрепятствование свободному доступу в публичную компьютерную сеть.<sup>173</sup>

Совершители уголовных преступлений в области безопасности компьютерных систем являются специфической категорией лиц. Главным образом, это неделниквентные, социально приспособляемые, ненасильственные лица. Эти лица владеют определенными специальными, экспертными и практическими знаниями и навыками в сфере информатической и компьютерной техники и технологии.

Што касается виновности, эти преступления совершаются исключительно умышленно.<sup>174</sup>

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<sup>167</sup> Jovašević D., *Krivično pravo, Posebni deo*, Beograd, 2010, p. 176.

<sup>168</sup> Oštećenje računarskih podataka i programa (član 298 KZ RS).

<sup>169</sup> Računarska sabotaža (član 299 KZ RS).

<sup>170</sup> Pravljenje i unošenje računarskih virusa (član 300 KZRS).

<sup>171</sup> Računarska prevara (član 301 KZ RS).

<sup>172</sup> Neovlašćeni pristup zaštićenom računaru, računarskoj mreži i elektronskoj obradi podataka (član 302 KZ RS).

<sup>173</sup> Sprečavanje i ograničavanje pristupa javnoj računarskoj mreži (član 303 KZ RS).

<sup>174</sup> Milošević M., *Aktuelni problemi suzbijanja kompjuterskog kriminala*, NBP br. 1, Beograd, 2007, pp.57-74.



## **ВЫВОД**

Совокупная отечественная и мировая деятельность в борьбе против компьютерной преступности направлена на защиту безопасности компьютерной информации или информационной системы в целом или ее отдельной части (сегмента). Однако, самого принятия международных конвенций и предусмотрения на отечественном уровне уголовных действий против безопасности компьютерной информации не хватает для успешной и эффективной борьбы против этого вида преступлений. Эту борьбу особенно осложняет факт, что совершители этого преступления владеют специфическими навыками и практическими знаниями в области информатики и компьютерной техники, так что они часто бывают вне досягаемости отечественных полиции и прокуратуры, отстающих в экспертных и практических знаниях по отношению к совершителям, вследствие чего приоритет ставится на требование приобретения определенных знаний и навыков сотрудниками органов преследования-обнаружения, техническую оснащенность, международную взаимопомощь, как предпосылку эффективной борьбы против компьютерной преступности.

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## BRAND VALUE MANAGEMENT

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### *Summary:*

*Brand managing represents a set of activities related to the launch of the brand on the brand and brand management during its life cycle. This is a strategic issue, and the goal is to create and increase brand value for both, consumers and company. Continuous adding of values results in higher levels of overall satisfaction that a consumer has after buying famous brand. If a customer is satisfied, this experience will be a significant directive while purchasing other types of products (especially if the brand name is associated with the manufacturer or seller). Positive effects can be transferred to other products, although the same case is with the negative effects. In the final analysis, consumers determine fate of each brand. Loyalty is the result of high level of satisfaction that consumer has using and possession of a certain brand, and loyal (and therefore) solvent customers, are the most valuable assets of each company.*

### *Keywords:*

*value brand, management, consumers - clients, marketing*

## INTRODUCTION

In today's business world, the sustainability of business is of current interest. This is a very difficult task and therefore the brand is of great importance. Since conditions in which the brand is developing are changing, the most important thing is the brand research in the true sense of the word. Research could enable prediction of changes, their monitoring through time, and should allow in any case, something that allows the control. Competition is strong and there is ongoing search for new solutions as quickly as possible, in order to uncover the unknown and the main mystery is definitely a consumer.

What clients often primarily associate with the company are its brands, or the company itself, which is seen as a brand, depending on the chosen strategy of brand management. In general, the concept of brand management, as well as the concept of brand equity, is prevalent in today's



business. The concept of brand equity as such, plays an important role because it is the most valuable asset of the world's leading companies.

Well thought out and creative brand management now becomes particularly important for business strategy.

Using the potential of the brand, the company acquires comparative advantages, standing out of its competition and became an integral part in the eyes of customers, consumers or users of services, which leads to preferences, and ultimately purchase. Roberto Goiezeta, a former Coca-Cola CEO once said, „All our factories and equipment could burn tomorrow, but that would barely touch the value of the company. What is the true value is our brand – a Coca Cola brand.

## **BRAND VALUE OF A BRAND**

The concept of brand value of brands appears in marketing literature during the eighties, and that is when brand began to gain greater meaning. Differences among the authors of brand value of brand definitions are in various values according to which the value of brands will be determined. Aaker in the value of brands includes assets and liabilities related to those assets.<sup>175</sup> Under the brand equity, Kapferer includes only its financial value.<sup>176</sup> According to Srivastava and Schocker<sup>177</sup> brand equity includes the strength and brand values. Brand strength is a set of associations and consumer behavior, distribution channel members and the company that owns the brand, which allow it to have sustainable and differentiated competitive advantages.

Brand value is the result of the financial management capability to support its effective tactical and strategic actions to ensure the higher current and future profits and reduce risk.

Currently there are a number of different definitions of brand value of brand, which can lead to conceptual misunderstandings in the study of this phenomenon. In clarifying the different approaches and relationships within the complex concept of brand value, may be helpful to attempt to classify the different approaches to defining the brand equity. Feldwick<sup>178</sup> is thereby

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<sup>175</sup> Aaker, D. A., 1991., „Managing Brand Equity: Capitalizing on the Value of a Brand Name“, New York, The Free Press, 15.

<sup>176</sup> Kapferer, J. N., 1998., „Strategic Brand Management“, London, Creating and Sustaining Brand Equity Long Term, 2<sup>nd</sup> ed., Kogan Page, 36-37.

<sup>177</sup> Srivastava, R., Schocker, A. D., 1991., Brand Equity, A Perspective on Its Meaning and Measurement, Cambridge, Brandeting Science Institut Report, Brandeting Science Institute No. 91- 124.

<sup>178</sup> Feldwick, P., 1996, *Do we really need “brand equity”?*, *Journal of Brand Management*, 4(1), 9-28.



identified three different approaches to the brand value of brands: 1 The brand equity (total value of brands as intangible assets of the company - financial approach), 2 brand strength (the strength of connectivity of consumers with a particular brand - behavioral approach), and 3 brand description (associations and beliefs that consumers have about particular brands - a cognitive approach).

The strength and brand description are consider elements of the brand equity in terms of consumers, while the brand equity is considered brand value of brands from a financial point of view. Brand equity influences the future purchase of products of that brand. Brand equity also affects the durability of the economic and propaganda messages. The brand strongly influences the perception of consumers. Product of a famous brand will be better for consumer, and this is the result of trust and knowledge about the reputation of the brand.

The importance of brand value lies in the numerous benefits for companies that own brands. Brand equity is positively related to brand loyalty. The brand equity increases the probability of selecting the brand, leading to a specific brand loyalty.<sup>179</sup> Brand equity value is the difference between the branded and unbranded products. This difference appears due to different perceiving of products with the brand and products without brands.

The difference of the values can be positive or negative, and thus the value of brands can be positive or negative, and can have zero brand value. Brand equity, therefore, is based on the benefits it brings to brand owner. On the one hand, it does influence sales, i.e. brand, and on the other hand, the financial value. It follows that there are two value of brand, such as commercial and financial.

Brand equity could be understood in a way by which it adds value to a product or service. This additional value is in direct relation with the client's thoughts and feelings that client associated with the brand, and it is associated with pricing, brand share, and profitability that brand has for the company. Brand value of brand can be taken as a valuable intangible asset that has a psychological and financial value for the company. In addition, it should be distinguished from the brand evaluation, whose task is to estimate the total financial value of brand.<sup>180</sup>

In addition, the brand equity increases: 1 willingness of consumers to pay premium prices, 2 brand licensing opportunities, 3 effectiveness of marketing communications, 4 willingness of trade cooperation and support, 5 elasticity of consumers to reduce prices, and 6 inelasticity of consumers to price increases and reduce the vulnerability of companies to marketing activities

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<sup>179</sup> Pitta, D.A. & L.P. Katsanis, 1995, *Understanding brand equity for successful brand extension*, *Journal of Consumer Brandeting*, 12(4), 51-64.

<sup>180</sup> Kotler, P. 2003., *Brandeting Management*, Upper Saddle River, New Jersey, Elevent edition, Prentice Hall, 422.



of competitors and their vulnerability to crises. In general, we can say that the brand equity is a source of sustainable competitive advantage.

## **BRAND MANAGEMENT**

A brand can be seen from different viewpoints. Viewed from the one who gives, it is a promise to client that it will provide something unique in comparison to those offered by other competitive products. Concerning the customer, the brand is a guarantee that customers will get exactly what that promising is offering. As such, buying brands for the client is reducing the risk that arises when purchasing products or services. Today, brand management becomes so strong that it is rarely possible to find all the products that are not branded.<sup>181</sup> For example, more recently, products like salt, was unthinkable to brand. Today it is becoming a daily occurrence. Regardless of the time of origin, the basis for all brands is the strategy: differentiation and added value.<sup>182</sup>

For the development of the brand, it can be said that in some ways it represented the history a reflection of its time. For example, in the U.S. private labels were followed the rate of unemployment. As the number of unemployed increased, the share of private labels in the brand increase and vice versa.<sup>183</sup> In the late eighties of the last century brand management as a concept has reached its peak. Every activity is aware of the importance of elements such as brand awareness, of perceived quality, customer loyalty, which is usually associated with brand management. A large number of successful enterprises base its own competitive advantage based on these elements. Many elements influence the development of brand name as what know them and experience them today. Seen from the financial point of view, today's most successful brands for companies also represent the largest value that is expressed as intangible assets.

Brand management is not an easy thing to do. It is much more complex task than the construction and maintenance of its image for the company. Difficulties in managing brands are in the fact that customers review the brand based on former experiences that they had with the company. The complexity of brand management is to manage each customer contact and brand.

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<sup>181</sup> Armstrong, G., Kotler, P., 2006., *Brandeting: An Introduction*, New Jersey, 8E, Upper Saddle River, 208.

<sup>182</sup> Riezebos, R., Kist, B., Kootstra, G., 2003., *Brand Management*, Prentice Hall, 17.

<sup>183</sup> Kumar, V., Werner, J.R. 2005., *Customer Relationship Management a Databased Approach*, USA, John Wiley & Sons, Inc., 12.



Many companies are changing their system of marketing management, so the brand management is raised the position of key strategic centers of the company. Brand management goes into the hands of specific experts who are responsible for brands, or for the entire line of products or services. Brand managers are responsible to are main head office, and their activities range from evaluating brand opportunities for the brand all the way to full control over its performance. These activities are similar to those in the management of strategic business units: positioning the brand in the brand, adding, or removing products or services that are sold under a brand name. The brand is expanding at the same time, and the need for identification of brand, in addition to traditional final consumption brand is growing on the business brand and in services.

Brand name remains stable for a long time. However, products and services offered by a particular brand are changing. Coca Cola brand is older than any facilities used in its production.<sup>184</sup> This fact requires a constant review of brand changes, adapting existing products, adding new and removing those that no longer match the economic, social, and emotional needs of target groups. In that sense, the brand is a dynamic concept. Regardless of whether the names of businesses, products or services, its financial contribution and brand must be systematically evaluated. This assessment should be objective and quantitative. The process becomes more complex, so the methods to monitor brand developments are also more complex. The models are computerized, simulations using growing database, and the participants in the research are not just specialists in advertising, sales and production but brand analysts and computer scientists, futurists, and many others. Brand should be monitored in terms of its profitability, brand acceptance, and even social acceptance. It is customary in the business world to do independent monitoring of research agencies. Brands are the major financial and market investments, and in this regard, it should be evaluated and checked regularly in order to continue to fulfill expectations that management sets on one side, and consumers on the other side.

## **BRAND EQUITY MANAGEMENT (NEW TRENDS)**

The traditional term “brand image” was first mentioned by Ogilvy in 1951, and increasingly began to be replaced with concrete financial equivalent of “brand equity”. It was officially respected when became recognized by the prestigious Marketing Science Institute, where a major seminar on the subject held in 1988. Brand image is not enough; the most important is the

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<sup>184</sup> Balmer M.T John & Gray R Edmund, 2003., Corporate brands: what are they? What of them?, *European Journal of Marketing*, No. 7/8, 988.



brand equity. Brand equity consists of those assets that are intangible, which have tremendous value. For example, Coca-Cola - the brand equity is in the intangible aspect, that is what consumers think about it, feel, how many times they think about it during a the week, which is worth much more than industrial plants that Coca-Cola has.

The concept of value brand has a particularly important role in successful brand management. This can be seen as a reminder of the company's offer, and as an emotional bond that may be established between the client and the company through brand. The brand equity is seen as value added product or service achieve thanks to assigned brand.<sup>185</sup> With term the brand value, notions such as brand equity and financial value of brands are most often related to. In everyday life, it is possible to notice a lack of distinction between the terms brand value and brand equity. The term "*brand value*" should indicate the current financial value of brands, and the term "*brand equity*" descriptive features of the brand such as symbols, images, and associations that customer associate with the brand (brand equity).<sup>186</sup> Thus, the term brand equity is more related to the subjective experience of the consumer or the intangible view of the consumer on the brand.

Brand managing is an interesting blend of theory, practices, and skills of marketing, and recently undergoes dynamic changes caused by new realities. New realities have created an entirely new competitive environment for deciding on brands. One of them is *a shift in power distribution*. Some retail systems (Wall-Mart, Ahold, Carrefour, etc.) represent the purchasing power larger than many countries. They have very developed marking brands, and offer a full range of products labeled with its own brands, throwing off the shelf many famous brand manufacturers.

Another new reality is *the increase of consumer power*. Thanks to the Internet, consumers have the information available, which gives them a great choice and power in making decisions. Shopping is easier and faster to unexpected proportions. This inevitably changes the attitude of consumers towards their previous suppliers. These and other changes have resulted in new issues in marketing strategy: 1. Is the current thinking about brands become obsolete? 2. What is obsolete in the classic rules of brand management? 3. Which new trends will define the brand management in the future? 4. What makes brand value and how to determine it? 5. What decides on choice of brand and how to figure that out?

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<sup>185</sup> Marušić, M., Vranešević, T. 2001., *Istraživanje tržišta*, Zagreb, Adeco, 514.

<sup>186</sup> Temporal, P., Trott, M. 2001., *Romancing the Customer: Maximizing Brand Value Through Powerful Relationship Management*, Singapore, John Wiley & Sons (Asia) Pte Ltd, 3.



One of the main objectives of today's companies is to create a strong brand that customers will be faithful to and loyal in the long-term. In building such a brand, the following parameters are usually taken into account:<sup>187</sup> 1 familiarity, 2 perceived quality, 3 associations related to the brand, and 4. loyalty.

In development of and brand management inevitably appears a need for brand research in order to obtain information about consumers, their attitudes, perceptions, and preferences. There are two types of metrics: finance and marketing. Financial metrics measure everything that relates to accounting, finance and planning.

That is not enough and we need to make so-called marketing metrics, which is researching consumer, markets, where we can see what will happen in the future, depending on what consumers think about brand. The need for direct harmony between attitudes, perceptions, and preferences of target groups and functions that brands offer that would stimulate the familiarity, loyalty, brand recognition and quality, today is no longer questioned. It is important to know the action of brands to market position and customer loyalty, especially for products and services that cause varying degrees of attractiveness in different segments.

Information about the entire brand, competition, changes by the environment with its many influences is also needed. To be successful, the brand must be adapted to regional cultures, expectations, and needs. In addition, strong brands should contribute to identity strengthening, employment enhancing, and economic growth.

Possibility of extending the brand to other product categories is also one of the benefits that provide high brand equity. In general, the extension of the brand is defined as the use of existing brands to enter new category of product. Brand extensions compared to the new brands have lower advertising costs and higher sales. Successful brand extensions contribute to increasing the brand value of the original brand, but unsuccessful expansion might decrease the brand value of the original label.<sup>188</sup>

### **CLIENT MANAGEMENT IN ORDER TO INCREASE BRAND EQUITY**

The brand is certainly far more than the name, character, or symbol. Its real value lies in the relationship and connection with the client.<sup>189</sup> When talking about the connection, it usually refers to a specific customer emotional connection with the brand. This is what makes an

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<sup>187</sup> Aaker, D.A., Joachimsthaler, E. 2002., *Brand Leadership*, Simon & Schuster UK Ltd, Free Press Business, 17.

<sup>188</sup> Keller, K.L. & Aaker D.A., 1992, *The Effects of Sequential Introduction of Brand Extensions*, Journal of Marketing Research, 29(1), 35-50.

<sup>189</sup> Radosavljević Života 2006., *Marketing*, Novi Sad, Privredna akademija, 95.



important distinction in the mind of consumers and that explains the concept of perception. As elements of brand identity, it is possible to give what is needed for recognition and its differentiation from other brands. The most common elements are 1. Brand name, 2. Logo – symbol - sign, 3. Figure, 4. Slogan, 5. Jingle and, 6. Package.<sup>190</sup>

Brand management, therefore, as a concept in its core has brand equity. Customer relationship management can be of great help in building brands. Its actions affect the construction of both, financial and brand value. In particular approach, which is achievable and possible through the successful reinforcement of relationship management with the consumers, it is possible to make significant progress in areas such as perceived quality, satisfaction and loyalty, and perceived uniqueness that brand may have, creating a leading brand and its popularity. If there is positive progress in these areas, the possibility that the brand is very easy to establish a price above the price competition opens or to simply switch from low or medium to higher pricing category and customers continue to accept both. Proper application of customer relationship management an important advantage that is reflected in the diversity and differentiation will realize, which could allow the growth of brand share, financial value, and brand equity. These are just some of the benefits that CRM can provide in the building of a brand equity and financial value of brands.

The link between customer relationship management and overall brand could be best recognized through the elements which have a significant impact on building brands, and are related to the strategy of customer relationship management:<sup>191</sup> 1. brands are the network of relations and connections, 2 brands are the set of experiences, 3 brands are very personal, 4 brands evoke emotions, 5 brand live and thrive, 6 brands communicate, 7 brands create value and loyalty, 8 above all, add a sign of friendship and love.

Recently, joint performances of the brands on the market are especially present. One of the key steps in building long-term relationships with clients, as already stated, is to deliver more value to customers. To deliver higher value now is not easy. Namely, the customer expectations are constantly rising and the companies face with increasing demands. Self-satisfaction without enthusiasm of a client, in a growing number of cases, is not enough for the success of a company. The boundaries between excitement and sheer pleasure become more severe, so that meeting customer demands from day to day is more and more complex. Companies are becoming more aware of the importance of concepts such as customer lifetime value; because they know that with the loss of clients, they lose more than one sale transaction.

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<sup>190</sup> Keller, K.L. 2003., *Strategic Brand Management*, Prentice Hall, 181.

<sup>191</sup> Aaker, D.A., Joachimsthaler, E., 2002., *Brand Leadership*, Simon & Schuster UK Ltd, Free Press Business, 6-7.



## RESUME

One brand can survive only if it makes a profit, as decided by customer loyalty - the consumers. Each brand must have its own vision, mission, and it must be distributed through strategic marketing and operational activities. Fulfillment of a brand is going through its culture and the culture of employees within the company. Different consumer beliefs and behaviors, different competitive forces, different options of a company, and different develop of brands affect different marketing approach in a country.

For the beginning of the 21<sup>st</sup> century in this area following circumstances are of crucial importance: brand well-being and local economic and social contributions, rigorous legal protection of consumers and brands, business transparency at all levels (internal and external), corporate social responsibility, creativity in communication and communication channels, clear positioning of the brand (mission, vision) and understanding the mechanisms that increase brand value. Those who deal with marketing must to be familiar with customers, competitors and its company to be able to offer higher value to customers and to find a market position where they can be for a long time.

Marketing has shifted considerably. We are no more talking about the 4P in standard form, but it comes to marketing programs and activities how to exchange values that products and services represent. Best marketing companies are trying to be sure that the marketing is not only performed in marketing sectors, but all business units and that all employees understand and value the role of marketing. If employees do not like a particular brand or product - brand on which they work, if they are not part of that system and if they are not satisfied with the company, the brand value is lost. One must realize that brand is a living being and that it changes over a certain period, whether under influences by the consumers or other circumstances. The brand has its own character, its style, and its individuality.

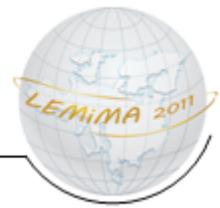
In the heart of big brand is, indeed, a great product or service. At the same time, that product or service must be placed in an appropriate manner - must have an appropriate image created by well-designed and conducted communication and price strategies. Through the image, the value of brand is building and made of products from brand to which the client is emotionally connected.

Customer relationship management could be of great help in building brands. It actions affect the construction of financial brand and brand value. In the individual customer approach, which is achievable and possible by good realization of customer relationship management can make significant progress in areas such as: the experienced quality, satisfaction and loyalty, perceived specialty that brand can have, creating leading brand and brand popularity. In case of positive developments in these areas, a possibility that the brand could be easy to establish its price above the price of competition opens or simply to move from a lower to middle or higher pricing category, and still be just as accepted by the consumers.



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## SELF-PRODUCTION - ORGANIZATION MODEL OF LIVING SYSTEMS

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### **Summary:**

*Self-production means the ability of the company for spontaneously changing its organizational structure and adjust its level of complexity demands, in conditions of great turbulence. All organizational systems inherent in the self-the organizing force, and crisis, ie, the dissolution of the old system, is only a necessary transition period for the transformation of the system, and his jump to a higher level of organization. Autopoiesis is a network of production processes, in which the functions of each component involved in the production or transformation of other components within the network, which leads to the fact that the entire network continually produces itself. Managers should encourage self-organization, paying special attention to the structure, ie. ties that generate different opportunities for those that are involved in them.*

### **Key words:**

*self-production, autopoiesis, chaos, system, management.*

## INTRODUCTION

Knowing that systems function as an integral whole that can not be understood by simple division in parts, was the most shocking in physics, which is in the early decades of the 20th century the outfield of first breakthrough for new paradigm.<sup>192</sup> Quantum physics has shown that subatomic particles do not exist as separate "things" or "objects", or as independently existing basic unit of "substance", but only as the relationship as similar wave (wave-like) patterns of the

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<sup>192</sup> Capra F. 1997., *The Web of Life*, London, Flamingo, 29.



probability of connection - and that, of course, not as a probability of connection between "things", but as the probability of connection between the other connection.

The new paradigm is reflected in the philosophy of business, as well as organization and management. Accordingly, the traditional mechanistic - bureaucratic organization with command and control management system can no longer hold with new conditions in business. By changing the economic foundations of the business world where stability is replaced by dynamic forms, there is a strong need for changing the mode of organization. The competition will give place to the cooperation, and the classical organization, immature for demands of the changing and turbulent environment, will take back before the self-organization, which is able to adjust to new conditions.

Technology in that blind we trust is constantly changing, but the manner and methods of man, not even remotely follows these changes. Very rarely we can meet people who really do things differently, improvise and innovate, to change the structure of their work. Since the functioning of the organization is primarily determined by mindset and the relationships of people who work there, deeply embodied the policies and practices that hinder growth and development can only be changed if these same people, especially leaders of organizations, penetrate to the source of their thoughts and assumptions, and, hence, closely related, way to create a paradigm that explains functioning of the world around them.

## **FROM THE ORGANIZATION TO SELF-ORGANIZATION**

Genuine support for enterprise management in a crisis atmosphere, is not strong organization, manager of iron, and crisis management, but self-organization. Self-organization implies the ability of the company in conditions of great turbulence, for spontaneously changing its organizational structure, and adjust its level of complexity to demands of environment. This will be the only way of ensuring survival. The starting point for understanding and definition of self-organization, is that all types and modalities of self-organization resulting from the process of natural self-organization, and claims that everything that exists in the cosmos is a product of the process of organizing.<sup>193</sup>

The idea of self-organization comes from biology. Long ago researchers established that in the world of micro-organisms exists that kind, which are - despite their lack of understanding or awareness - able to self-organize themselves. These micro-organisms in the case of imminent danger to their survival spontaneously organize themselves into appropriate groups, enabling them to survive in difficult situations, and followed by re-live the old way. Self-organization is

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<sup>193</sup> Vučenović V., Radosavljević Ž. Marković, A. 2011., *Self-Organization*, Novi Sad, FORKUP, 153.



the spontaneous emergence of new structures and new forms of behavior in open systems far from equilibrium, characterized by internal feedback loops and described mathematically by nonlinear equations.<sup>194</sup> The thesis that self-organization is the natural characteristic of any open system, proved, and the mathematical presented, by Nobel Prize winner Ilya Prigogine, as part of its "Theory of Dissipative Structures."<sup>195</sup> Because of open systems include natural and organizational systems, the conclusions obtained by Prigogine to the ability of self-organization, is open for business. Open systems need to spend energy to maintain. As far as their organizational structure more complex, it contains more elements of mutual relations, and therefore need more energy for its functioning. Increasing the number of elements in the system and increasing the number of connections between elements, increases its complexity, and degree of its instability. The key to understanding the dissipative structures lies in the knowledge that they are maintained in a steady state far from equilibrium. Living organism is characterized by continuous changes in metabolism, and the chemical and thermal equilibrium is achieved only when these processes are stops - the body in equilibrium is a dead body. To be alive - that, therefore, is to be in constant state of imbalance.

Prigogine coined the term dissipative structures to emphasize seemingly paradoxical coexistence of change and stability in living systems, with main emphasis on the openness of their structure to constant flow of the energy and substance. However, dissipative structures are open and closed – they are structurally open, but organizationally closed: substance constantly flying "through" them, but they however retain a stable shape.<sup>196</sup> It is, therefore, their way of being - maintaining the steady state (the continuity of the fundamental organization), but-functioning far from equilibrium (openness flow of energy and matter).

Continuous flow of energy through system causes fluctuations. So far a system is complex, so much fluctuation in the system are more intensive. If the number or intensity of these fluctuations exceed the limit of tolerance, the system is "disturbed". In this case, it have increasing the number of internal interactions. These interactions upset the system, where the old connections between the elements are ruptures, and establish new ones. System elements and their group (organizational unit) are spontaneously compose into a new organizational structure at a higher level. The new system is generally more effective, but it consumes more energy for its maintenance, and it is the more unstable and more susceptible to the new transformation.<sup>197</sup> Prigogines discovery of that law, and its mathematical interpretation, which

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<sup>194</sup> Capra F. 1997., *The Web of Life*, London, Flamingo, 85.

<sup>195</sup> Prigogine Ilya, Kondepudi Dilip 1998., *Modern Thermodynamics: From Heat Engines to Dissipative Structures*, England, Chichester, John Wiley and sons Ltd, 427-452.

<sup>196</sup> Capra F. 1997., *The Web of Life*, London, Flamingo, 167.

<sup>197</sup> Gehrecke Ljiljana 2004. *Fundamentals of Meta-Management*, scripts, Vukovar, 19-23.



earned him the Nobel Prize, are form of which basis we can explain the transformation of organizational systems in the process of their evolution.

D. Malic<sup>198</sup> continued where Prigogine it left off. For him, the organization, with substance and energy, is the essence of the universe. He connects the second principle of thermodynamics with the law of maintenance of organizations. From such research he performed theory that reserve entropy of a living system, is a life-threatening for the system. The essence of the problem is the system-environment interaction, that occur with some changes, transformations and, in general, the exchange. It is not just about the exchange of substance and energy, but also thoughts, or even an unknown forms of movement. The organization must continually develop from the lower level to a higher level. Slope implies a steady increase of entropy, and climb a steady increase in the organization. The organization has more developed to a higher degree of reversibility (feedback), and the best measure is productivity, or taken time to perform the work. The effectiveness of the organization, according Malic, depends on a variety of structures, and which is better realized the connection between the elements of the structure.

## LEGITIMATE SYSTEM OF ORGANIZATION

If Prigogine is right, and certainly is, because math does not lie, then why today's managers, and politicians, have panic fear of turbulence and transformation of the system? They believe that every crisis leads into chaos, which inevitably will results in failure. It is, however, severe delusion. Prigogine proved that all organizational systems inherent self-organizing power, and that the crisis or the collapse of the old system, are only a necessary transition period for the transformation of the system and his jump to a higher level of organization.

Legitimate system of organization are determined by the dominant rationality and the structures and processes that support the execution of the current primary task of the organization. The purpose of a legitimate system of the organization is to lead the execution of the current primary task in the most efficient way possible. Legitimate system of organization reinforces the existing corporate culture and favors the existing balance of power. Supporting the so-called common management, the legitimate system is essential for ensuring efficiency, limiting the resolution and containment of anxiety. All legitimate systems of organizations are trying to preserve the status quo in the interest of efficient execution of primary tasks, and to change the status quo in the regulated and predictable ways to maintain the effective functioning of the system. An effective system is always legitimate structured, regular, stable-equilibrium system, which exists to achieve the pre-opting of organizational intent.<sup>199</sup> If legitimate system of organization becomes too dominant, it prevents review of intermediate

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<sup>198</sup> Malic, D. 1978. *Information, organization and entropy*, Belgrade, Business policy, 38.

<sup>199</sup> Stacey R.D., 1996, *Complexity and Creativity in Organizations*, San Francisco, Berret-Kohler, 168.



targets, limiting all opposition, suppress conflict, it stops any changes. The organization then hardcore in particular a stable zone.

In conditions of high turbulence environment "good organization", in the classical sense of the word, is more or less harmful. According to Gerken<sup>200</sup>, the disorganization of the company is harmful only in conditions of low levels of conscience. For highly conscious collective autopoietic processes play the role, which in a typical company had a "good organization". While the business in a stable business environment needed as important stable organization company, with business in a turbulent environment is an essential metastable, which can be ensured only by self-organization, or autopoietic process, in which it is based.

## SELF-ORGANIZATION AS A PROCESS

Concentrating on the study of systems in a state so called thermodynamic equilibrium, the traditional science has claimed that if the system moves out of equilibrium, then it can disintegrate. However, the "Chaos theory" has been shown, especially on the example of chemical systems, that complex nonlinear (evolving) systems can, under certain conditions, pass through the accident and reached a new level of order as so called dissipative structures in which order emerges spontaneously from chaos.<sup>201</sup> In fact, dissipative system receives energy and information from the environment, which then dissipates through its interior, creating a basis for dissolution. However, dissipative system with a structure that takes the form of irregular forms, has the ability to restore through self-organization too, as it continues to receive energy and information from the environment. Therefore, the dissipative structure is not only the result, but also a system, or process that uses the mess to change itself. It is about the evolving interactive process that temporarily manifests itself in the global stable structures.

Self-organization is a process that occurs spontaneously at certain critical values of control parameters of the system, in which the key entities of the system organize themselves to be without any plan produced a new form. This is a real bottom-top process of change. Derived from self-organization, the form can not be explained by action of the respective entities, nor can it be reduced to their behavior. The new form is, therefore, dissipative structures, because it is easily dissipate if the system moves away from the critical value of its control parameters.

In contrast to the equilibrium structure, dissipative structures require a great effort to maintain, and relatively little to change.<sup>202</sup> As a complex nonlinear systems, organizations are

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<sup>200</sup> Gerken Gerd 1995. *Die Fraktale Marke*, Econ, Verlag, [www.postkvanmost.com](http://www.postkvanmost.com).

<sup>201</sup> Gleick J., 1987, *Chaos: Making of a New Science*, New York, Penguin Books, 314.

<sup>202</sup> Stacey R.D., 1996, *Complexity and Creativity in Organizations*, San Francisco, Berret-Kohler, 62-63.



able to, through a process of creative destruction and spontaneous self-organization, evolve toward greater complexity. In them, as in other complex nonlinear systems, a relevant source of stability and a new, higher level, is the spontaneous self-organization. Created through a process of spontaneous self-organization, a specific form of certain generic form is characterized by a different, creative, innovative aspects, which are radically unpredictable. However, by the short-term changes, in complex nonlinear feedback system can be predicted archetypal behavior, i.e., archetypal forms. Apropos, it can be predicted that the self-organization occur in a particular area, i.e., the so-called edge of chaos, and that will produce a pattern of critical behaviour of system.

## THE EDGE OF CHAOS

Edge of chaos in the workings of a complex nonlinear feedback system includes a limited form of instability that was discovered in a certain phase transitions between zones of order and disorder.<sup>203</sup> The edge of chaos is a narrow zone of transition between order and chaos, which greatly contributes to the emergence of new patterns of behavior of the system. For a system that is driven toward a certain edge of chaos is likely to show the appropriate type of spontaneous process of self-organization.

Chaos is the only state in which the system is capable for new and unending variety, and because the other attractors, i.e., the archetypes of stability and instability, consisting of the repetition in which the update is always exactly match a particular archetype. Accordingly, chaos is the archetype of the new, creativity, innovation and surprises. Thus complex nonlinear feedback systems can produce new only in a space between stability and instability, their scope for creativity is, therefore, the phase transition at a certain edge of chaos, i.e., the edge of system disintegration. This phase transition is characterized by a paradox in which the archetypal behavior actualized through a process of creative destruction that happens when the values of control parameters of the system at critical levels. The idea of the edge of chaos proved to be a powerful and in many different areas, including organization and management. In addition, the concept of the edge of chaos can be used, primarily, to articulate further details of how the self-organization and learning can be enhanced in organizations. As a space for creativity in an organization, the edge of chaos is difficult to reach and maintain, because it requires an appropriate balance between forces that promote stability in the organization, and the forces that

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<sup>203</sup> Ibidem, 287.



continually undermine the status quo.<sup>204</sup> Instability near the edge of chaos, is a stimulant action in all spheres.

## AUTOPOIESIS AS A CONCEPT OF SELF-ORGANISATION

Self-organization is based on a form, which in biology is called "autopoiesis". The concept of autopoiesis (from Greek autopoiesis - autoproduction) developed by Chilean neuroscientist Umberto Maturana, and Francisco Varela his student.<sup>205</sup> In the context of the theory autopoietic system can be said that the product of autopoietic system is the system. Biologists have found that the organisms have ability to adapt to their surroundings, while still manages to retain its own identity within that environment. This dual capability is called autopoiesis. In organizations autopoiesis could be explained as the fact that open organizations exist as independent individuals, although the people within it because of high employee turnover change.

Autopoiesis does not mean that a system exists by itself, without the contribution of the environment. On the contrary. The system is created to maintain the boundaries of their surroundings, no system without the environment.<sup>206</sup> It's just that the unity of the system and its elements produced in the system. The environment offers a constant impulse and noise, and the system constantly decide how will translate the irritation to itself. It is important that the living systems in these responses are autonomic - environment just cause, but does not direct the revision of the structural system. These transformations, however, are changing the future behavior of the system. In other words, structurally pairing with its environment, living system will inevitably learn. And learning is a key function of the behavior of living systems.

In cybernetics - a systemic sense autopoietical method amounts to an organic self-organization of complex, but unorganized set of organizational capable elements. In sufficiently rich environment, which is in fact an integral part of the whole that leads to self-organization, comes to the appearance of autopoetic. Each isolated dynamic system subject to immutable

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<sup>204</sup> Jackson M.C., 2003, *Systems Thinking: Creative Holism for Managers*, John Wiley and Sons, Ltd., Chichester, 122.

<sup>205</sup> Maturana, Humberto, and Varela, Francisco 1980., *Autopoiesis and Cognition: The Realization of the Living*, Boston Studies in the Philosophy of Science.

<sup>206</sup> Vučenović V., Radosavljević Ž., Marković A. 2011., *Self-organisation*, Novi Sad, FORKUP., 154.



laws, creating organisms that are adapted to their environment, ie. creates its own form of intelligent life.<sup>207</sup>

Unlike alopoeitic system, in autopoietic systems, therefore, elements of the system product elements of the system. Systems maintain their boundaries in relation to the environment, but these limits serve to exceed. Systems are operationally closed, but open to interaction. Operational closure means that the environment can not produce a specific operation in the system. Environment, by perturbation or irritation (any disturbance of the system) causes a process in the system, but not simultaneously does not define the type of process - the system decides. The concept of autopoiesis implies that the elements of a system that it will produce depends on the structure of the system, where neither the structure are not pre-given, but they were also a product of autopoietic system. We must distinguish between autopoiesis and self-organization: the first reproduce elements, the latter refers to the conditioning structures. According to Maturana and Varela, a form of organization of a system is the configuration of relations between the components of the system that determines the essential functions of the system, while the structure of the system is the physical embodiment of its form of organization.<sup>208</sup>

## NETWORK AS AN ORGANIZATIONAL FORM OF LIVING SYSTEMS

First of all, it should be noted that the network is the organizational form of living systems. Autopoiesis or self-realization is a form networks in which the functions of each component are the participating in the creation or transformation of other components in the network. Thus, the network constantly creating itself. It creates by its components, while it creates its own components. Although other members of the same network create parts of autopoietic network, we say that the observed natural system organizationally closed, even though he is open to the flow of matter and energy. Organizational closure shows that the living system is self-organizing, that he governs its organizational structure and its behavior, without any influence from outside. This means that every living system in terms of arrangements of their organization and their conduct are autonomous from their environment, although in the material and energy speaking, with him is closely linked. The system is autonomous if they are involved relationships that characterize it as an entity, only of that system, not other systems. So defined autonomy can be seen as a central feature of the living system. As an organization, common to all living systems, autopoiesis is, therefore, a network of production processes, in which the

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<sup>207</sup> Ashby W. R. 1962, *Principles of the Self-Organizing System*, u: *Principles of Self-Organization*, International Tracts in Computer Science and Their Application, Volume 9, Oxford, Pergamon Press, 255-279.

<sup>208</sup> Capra F. 1997., *The Web of Life*, London, Flamingo, 154.



functions of each component to participate in the production or transformation of other components within the network, which leads to the fact that the entire network continually produces itself.

The most significant product action of the living system is, therefore, his own organization. Capra, therefore, suggests that autopoiesis - as defined by Maturana and Varela - understood as a general "form of life", or general "form of organization of living systems."<sup>209</sup> According to Gail Fleischaker that some of the network can be autopoietic, it must meet three essential conditions: 1. must be self-limited (expansion of the system must be determined by a boundary that is an integral part of the network), 2. must be self-creating (all components, including the border, must be created exclusively processes that take place within the network), and 3 must be self- maintainant (manufacturing processes must be spread over time, that all components can be continuously replaced by the transformational processes of the system).<sup>210</sup>

Because there is an analogy between the nature and organization systems, both in terms of its design, so the same in terms of their functioning, autopoiesis theory can be applied to life, and the transformation of social and economic systems. Using this analogy Gerken defines autopoiesis of a company as an interactive connection of system components (organizational units and jobs) in the effective network.<sup>211</sup>

## CONCLUSION

Autopoiesis as a "self-production" is the unity of network production from components that generate its between-activity, and implement a network that produces them, and constitute the space in which they exist limits of the network as components that participate in the implementation of the network. The company is a complex autopoietic system with dynamic connection elements that interact with the environment. The more autopoietic, there is the greater impact of environment on the system, which is more autopoietic, it is the greater the self-referentiality.

Managers may not be able to predict and control the organization, but must ensure their flexibility and feedback by creating favorable conditions for learning and self-organization. That is, it is necessary to encourage self-organization by paying special attention to the structure, ie., relationships that generate different opportunities for those that are involved in

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<sup>209</sup> Capra F. 1997., *The Web of Life*, London, Flamingo, 156-157.

<sup>210</sup> Ibidem., 202-203.

<sup>211</sup> Gerken Gerd 1995. *Die Fraktale Marke*, Econ, Verlag, [www.postkvantnost.com](http://www.postkvantnost.com).



them. The most successful organizations do not try to control everything. To some extent, managers can have confidence in chaos, and allow the appropriate processes to act in a certain edge of chaos to organization, with certain values of control parameters through self-organization, evolved toward greater complexity and generate a new line. In an effort to reach the edge of chaos and to hold on to him, complex nonlinear feedback systems have avoided the state equilibrium and adaptation, and select those strategies that lead him to a limited zone of instability. If we need a revolution in thinking about organizations, not the reformulation of the dominant discourse, using a concept of a special instrument, then the organization should consider, not as the literal complex adaptive systems, but rather as a process. Organizations should be understood as phenomena that occurs from the relationship between their members. Therefore, organizations should derive from the process of self-organization that are creative and unpredictable in the long term.

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## GOLD AS A FOREIGN EXCHANGE RESERVE OF CENTRAL BANKS

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### **Abstract:**

*Gold, as a precious material, has always attracted attention and had one of the very important roles in trade flows. Once, while there was no money in today's paper form, gold has served as the primary means of payment. The role of gold is different today, though still significant, especially in critical conditions that are characteristic of today's global economy. This paper will make the parallels between the behavior of the BRIC<sup>212</sup> countries, and their aspirations for growth in share of gold reserves in the current circumstances, and the countries of Western Europe, on the same basis, in the period after World War II, before the moment of the introduction of convertibility of their currencies. In addition, it will indicate the transfer of gold between countries, its "movement" through the recent history and present state and position of the gold reserves.*

### **Keywords:**

*gold, international monetary system, the price of gold, foreign exchange reserves, central bank*

## **INTRODUCTION**

The price of one ounce of gold today achieves record levels. Until a year ago price of an ounce of gold stood at USD 930, while ten years ago was only USD 270. Today is at the much higher level and record level of about US\$ 1,300. From the earliest civilizations, gold is considered very valuable metal. It led to the conquest, the creation of the colonies, encouraged the search in remote areas, and even inspired the great works of world poetry. Gold is used to represent the main means of payment. Today it is used as well, so to say the currency, since it is used for making jewelry, awards, medals, etc. In addition, gold is a safe haven for capital in crisis and uncertain times.

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<sup>212</sup> BRIC – Brasil, Russia, India, and China



Demand for gold, which recently has a strong tendency to increase, led to a record gold price, as noted above. Gold buyers today are not just wealthy investors. Even „ordinary“ people who do not have huge sums of money available for business investment, buying small amounts of gold on the stock market - largely because of expectations that they will make a profit on this investment. Most analysts predict further expansion of the gold price. Forecasts ranging up to USD 1,500 - USD 1,600 per ounce of gold. The fear of inflation also affects the growth of gold prices. In accordance with the present conditions, some analysts predict short-term inflationary pressures in the U.S. and other developed countries. On the other hand, some analysts estimate such a scenario in which unsustainable debt of the United States and Europe affect the central bank to carry out a devaluation of their currencies. Such moves could lead to hyperinflation like those in Latin America during '70s and '80s, and in Germany between two wars - which would be reflected in the drastic rise in the price of gold. Historically, the price of gold is rising when U.S. dollar is falling and vice versa. However, in recent times that is a situation where the dollar and gold rise in parallel, where it has nothing to do with the weakening dollar, but euros, analysts said. How long will the gold price to record growth – no one knows that and that cannot be determined with precision. This paper gives an overview of the movement of gold, as foreign exchange reserves, starting in 1948, until today, in fact, ended in 2010.. Specifically cover different periods that were crucial in the movement of gold - primarily the Bretton Woods International Monetary System - to 1971, with emphasis on the crisis of the international monetary system 1966 -1971. After that, it describes the movement of gold between the 1971 – 1997, in what was seen as reducing the role of gold. Also, it is extremely important moment of „migration“ of gold from Europe in the „southern“ countries, strengthening the of gold BRIC countries position, and the question of signing the Golden agreement of central banks.

## **GOLD AS A FOREIGN EXCHANGE RESERVE OF CENTRAL BANKS**

If we look balance sheets of central banks and other financial institutions, which have this precious metal in their portfolios, the structure of their monetary aggregates M1, we notice that the largest reserves of gold located at the Fed, the Bank of Italy, the Central Bank of Suisse, Central Bank of France, and Bundes bank. Among central banks and countries with less than gold in their portfolios are the Central Bank of Japan, the Bank of England, and the Central Bank of China, which recently rapidly increase gold reserves. Since gold has no longer a critical role in the monetary system, as was the case in the system of Bretton Woods, similarities between this system and the BRIC countries of postwar Western European nations is now being observed. In both cases, countries are accumulating gold, which implied more rapid economic development and contributed to strengthening the credibility of the currency.

Although the gold reserves held by central banks, the way of using them depends on the policy of the country which has a key role in reaching „gold“ decisions. If the central bank is independent, it can lead to tensions between monetary and the legitimate government on the issue of which strategy to adopt when trading gold. In the case of the Eurosystem, the revenue



from the sale of gold is intended for the central banks that made the sale. However, the main shareholder of the country is the central bank and it is an indirect recipient of the sales revenue later. According to the IMF report, in September 2010, total world gold reserves are recorded level of 30,535.6 tons. The largest share of total reserves of gold had U.S., the IMF, and Germany.

This data is evident from Table No. 1

	Ounces of gold in mil.	Gold/tons	The value of the reserves i (USD* billions)	The value of gold (in % of central bank balances)	Reserves of gold (in %M1)	The share of gold in foreign exchange reserves in %	The share of gold in GDP in %
<b>USA</b>	<b>261,50</b>	<b>8.134,20</b>	<b>357,50</b>	<b>15,30</b>	<b>20,50</b>	<b>75,30</b>	<b>2,50</b>
<b>Germany</b>	<b>109,40</b>	<b>3.402,10</b>	<b>149,50</b>	<b>17,00</b>	<b>9,70</b>	<b>70,40</b>	<b>4,40</b>
<b>IMF</b>	<b>90,80</b>	<b>2.823,10</b>	<b>124,10</b>	<b>2,30</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>
<b>Italia</b>	78,80	2.452,10	107,80	24,10	9,70	22,40	5,00
<b>France</b>	78,30	2.435,60	107,00	17,10	11,00	58,50	4,00
<b>China</b>	33,90	1.054,50	46,30	1,20	1,30	1,70	0,90
<b>Switzerland</b>	33,40	1.040,20	45,70	15,30	10,30	16,50	8,10
<b>Japan</b>	24,60	765,30	33,60	2,40	0,50	3,00	0,60
<b>Russia</b>	24,30	756,10	33,20	6,30	10,70	6,80	2,60
<b>Netherlands</b>	19,70	612,50	26,90	14,20	6,30	58,20	3,30
<b>India</b>	17,90	557,80	24,50	15,70	1,30	9,20	1,80
<b>ECB</b>	16,10	501,50	22,00	0,70	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>
<b>Great Britanny</b>	10,00	310,30	13,60	3,40	0,80	17,60	0,60

\* Value of an ounce of gold is \$ 1,367.00

Source: Natixis, Economic Research, 19/01/2011, pp.2



## GOLD RESERVES IN THE BRETTON WOODS SYSTEM

It is generally known that the Bretton Woods system was formally established after the Second World War and stayed until 1971. The system has implied the introduction of gold - exchange standard, where parity of national currencies is assessed and expressed in gold or dollars. Countries have their currencies exchange rate pegged to the dollar, given that the dollar was freely convertible into gold (at a fixed rate \$ 35 per ounce of gold), therefore, all countries, and the rate of their currency was pegged to the dollar, had a fixed value in terms of gold. Exchange rates were not strictly (rigidly) fixed but fluctuation (deviation) ranging from 1% up and down from parity were allowed.<sup>213</sup> To member states were allowed to carry out the initial exchange parities of their currencies in the face of severe balance of payments difficulties (fundamental disequilibrium of balance of payments).

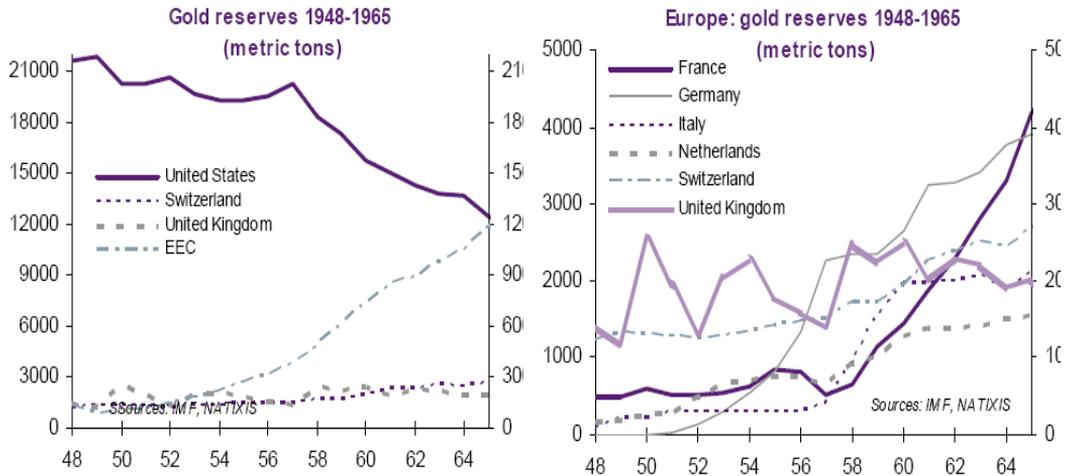
At the end of World War II the U.S. held about 75% of total gold reserves (21,700 tons), which is justified given that the dollar was the center of a new international monetary system and other things, the full convertibility into gold. Dollar, as the only currency that could be freely converted into gold has become an international reserve currency (fixed „exchange rate“ of exchange was U.S. \$ 35 per ounce of gold.). During this period Great Britain was the second largest owner of gold reserves, where having only 5% of total gold reserves. Meanwhile, Switzerland has, for its neutrality during World War II and the geographical position take third place in terms of gold reserves. Swiss gold reserves amounted to 4% of total world gold reserves.<sup>214</sup> From World War II Europe came completely destroyed. Difficult period of economic growth in Western Europe contributed to the fact that the slow accumulation and generating foreign currency reserves in dollars. Since 1958, when European currency could again be converted to dollar, foreign currency were piled up in the U.S. and they were massively converted into gold at the Fed, which resulted in the reduction of gold in the U.S. Following chart shows the movement of gold in 1948 – 1965:

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<sup>213</sup> Acin, Đ., „Međunarodni ekonomski odnosi“, Pigmalion, Novi Sad, 2003. godine, str.183.

<sup>214</sup> Bordo, D., M., Dittmar, R., „Gold, Fiat Money and Price Stability“, National Bureau of Economic Research, Cambridge, 2003. str.13.

Chart 1: Trends in gold in tons in period 1948-1965



Source: Natixis, *Economic Research*, 19/01/2011, pp.3.

As noted, the curve that follows the movement of gold at the Fed, USD, records a sharp drop from 1958. This trend continued until 1971. On the other hand, the EEC had a tendency to increase gold reserves. As for European countries, it shows that all countries which have been captured in the analysis, recorded increase in gold reserves. The biggest trend was recorded in Germany and France.

**THE CRISIS OF THE INTERNATIONAL MONETARY SYSTEM, THE PERIOD 1966-1971**

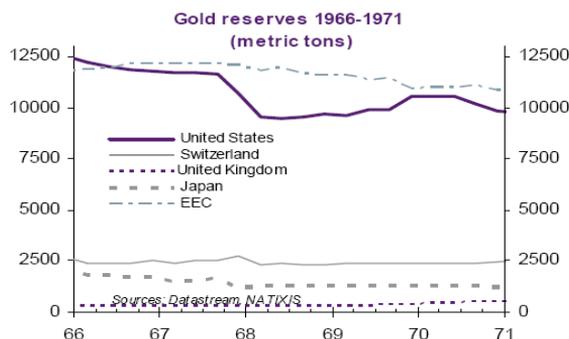
In general, the international monetary system has become unstable over time, a significant part as a result of spending significant sums of money for financing the war in Vietnam. International monetary system was attempting to „reconcile“ the two opposing goals. On the one hand, in order to gold-exchange standard function correctly, the U.S. must been able to protect USD/gold parity, which required a strict monetary discipline on their part. On the other hand, from the moment when dollar became the international currency and reserve, the U.S. had to offer dollars to the world in order to maintain growth throughout the country and avoiding the risk of deflation. In line with this, the U.S. had to accept a high current account deficit. As



long as the relation between the dollar and gold reserves in the United States was 1, there was no doubt that the U.S. cannot guarantee for USD/gold the exchange rate.<sup>215</sup>

In order to save the international monetary system, the countries of Western Europe have agreed that in 1966, suspended the ability to convert dollars into gold, while the U.S. opposed the current rate of exchange, i.e. the existing fixed exchange rate - USD 35 per ounce of gold. U.S. President Nixon's decision to suspend convertibility of dollars into gold in 1971, which marked the collapse of the Bretton Woods system. After that, on the scene came fluctuating exchange rate and gold no longer had initially significant role in the monetary system. At the end of 1971, United States possessed 9,000 tons of gold.<sup>216</sup>

Chart 2: Gold reserves in period 1966 – 1971 in tons



Source: Natixis, *Economic Research*, 19/01/201, p.3.

## PERIOD OF REDUCING THE ROLE OF GOLD - 1971 - 1997

As gold was losing a key role in the international monetary system, in its place is slowly coming dollar. These movements were so radical that the IMF, under pressure from the U.S., continued its solid sales of its gold reserves, since 1976, and during the 1978, and has changed the articles of the IMF agreement in order to prevent other countries to bind their currencies to

<sup>215</sup> Since 1964, this ratio was below 1. However, in period 1970 – 1971, this ratio recorded level of 5. These movements in Bretton Woods's system were named "Triffin Dilemma".

<sup>216</sup> Barro, Robert J. "Money and the Price Level Under the Gold Standard," *Economic Journal*, 89 (1979), 12.



gold.<sup>217</sup> Central banks of Western countries recognized the stabilization of its gold reserves and modified them slightly only in urgent cases.

### **„REMOVAL“ OF GOLD FROM EUROPE TO MARKETS IN EXPANSION SINCE 1998**

Diversification of foreign exchange reserves of southern countries, since '90s of the last century showed expansion, and their willingness to increase the credibility of their currencies, have influenced the increase in gold reserves in these countries. Gold, bought by these countries, mostly comes from the „northern“ countries, primarily European. Between 2002 and 2010, these countries have bought following amounts of gold:<sup>218</sup>

- China bought 553.5 tons of gold;
  
- Russia increased its gold reserves for 127.3 tons (annual growth of 27.6% in 2010);
  
- India increased its gold reserves for 200 tons (annual growth of 56% in 2010).

Reserves of gold in the countries of Europe have recorded following movements:

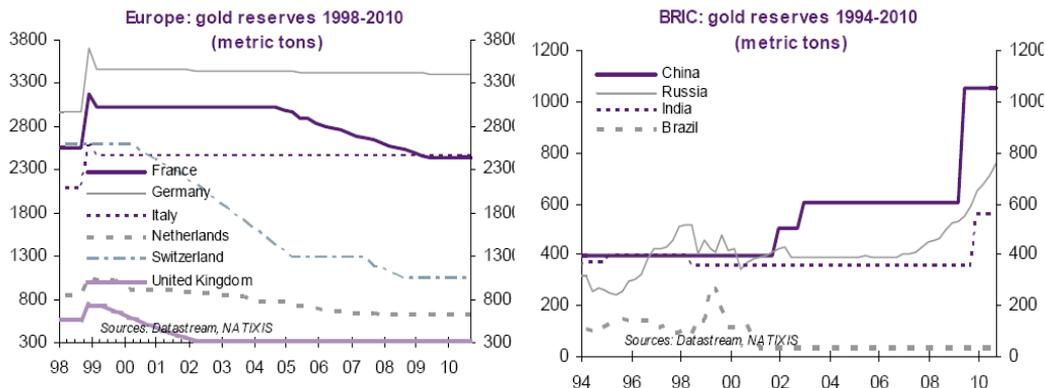
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<sup>217</sup> Flash Economics, *Economics Research*, Natixis, 19, January, No 49. 2010.str.4.

<sup>218</sup> Izvor: Economics Units, [www.economics.com](http://www.economics.com)



Chart 3: European and BRIC reserves of gold in period 1998 – 2010



Source: Natixis, Economic Research, 19/01/2011, pp.4

Germany is, as you can see from the graphical view, a European country that has maintained the highest level of gold reserves, while the UK recorded reduction. On the other hand, Switzerland has recorded a significant decline in gold reserves. At the same time, all BRIC countries recorded increase in foreign exchange reserves, excluding Brazil. China leads the world in volume of increasing gold reserves in period 1994 - 2010. In addition, Russia has a growing trend in gold reserves.

### „GOLDEN“ AGREEMENT OF CENTRAL BANKS

The ECB and fourteen central banks in 1999 signed the General Agreement on gold. The agreement was later revised several times. However, when it was signed the first time, the agreement had three objectives:<sup>219</sup>

- To regulate the sale of gold at a time when Belgium, the Netherlands, Austria, Switzerland, and the United Kingdom sold or planned to sell gold;
- To avoid any anxieties that may lead to uncoordinated sales of gold (the price of gold in 1980 amounted to USD 850 while in 1999 this price was U.S. \$ 255);

<sup>219</sup>Huffman, Gregory W., and Mark A. Wynne. "The Role of Intra-temporal Adjustment Costs in a Multisector Economy" Journal of Monetary Economics 43 (1999), 317.



- To prevent the drop in prices and destabilization of those economies that depends on the gold, such as South Africa. Central banks of countries that in 1999 signed this agreement were ECB, Portugal, Spain, France, Belgium, Luxembourg, Germany, Italy, Switzerland, Austria, England, Ireland, Sweden, and Finland. In 2004, the agreement was signed by Greece. In 2009, the agreement was signed by Cyprus, Malta, Slovenia, and Slovakia.

## **RESUME**

Great world crisis that is current for a long time resulted in strong growth in gold prices. Today, gold recorded high prices. Whether this trend continues in the future, largely depends on the crises in the world. In line with previous analysis, we can state the following:

- Although the gold in today's monetary system has a particularly important role, as was the case in the system of Bretton Woods, it reveals similar movement on the issue of trading gold between BRIC countries today and the countries of Western Europe in the period after World War II. In fact, after World War II Western European countries actively working to increase its gold reserves, aimed at strengthening the credibility of its currency and strengthening the balance sheet position - this policy now implemented BRIC countries with the same goal. Among these countries, especially the strong growth of gold reserves recorded China. In addition, the current position of this country, the second strongest world economy, has a significant impact on global economic trends;

- Central banks that accumulate the highest levels of gold reserves are the Fed, the Central Bank of Italy, the Central Bank of Switzerland, the Central Bank of France, and the Bundes bank. The smallest gold reserves have Central Bank of Japan, the Bank of England, and the Central Bank of China, and India that recently rapidly increased its gold reserves;

- It is important to note that, in addition that gold foreign currency reserves are recorded at the central bank of each country, which are covered by this survey, the key decisions on transactions in gold brings country. Therefore, it can be said that the managing gold reserves of a country depends directly on the legitimate government and its policies. The bigger is independence of the central bank, the greater is tensions between central banks and government regarding the adoption of management gold policies;

- In the case of the Eurosystem, a revenue gain by the sale of gold shall be transferred to that central bank which is involved in the transaction. The ECB is during the formulation of the initial capital define that in overall structure of the initial capital gold must have a minimum 15% share. It is not defined whether this share of gold will change later.



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## HUMAN RIGHTS AND MEMBERS OF THE ARMED FORCES

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### **Abstract:**

*Human rights and freedoms are inviolable and protected by the highest constitutional act of a country, then international law and, in particular, the Universal Declaration of Human Rights and the European Convention on Human Rights. Members of the armed forces of a country are, in fact, its citizens, and it is only natural that their rights are respected and protected. However, specificities of service carry some restrictions on civil and political rights. It is very important to respect the rights of soldiers so they could implement and protect human rights in their military missions and operations.*

### **Keywords:**

*armed forces, army, soldiers, human rights, international law*

## INTRODUCTION

No matter how much world and countries in the world have invested in the globalization, transition, and various forms of association, the states will not abandon the military (armed forces). Reform of the society bears the reform of the armed forces. They are modernizing, the numbers are reduced, are professionalized, and cooperate more, at least in military and peacekeeping missions. All this does not mean that countries will remain without an army, because the army is still, at least in the collective psychology of the people, „the main pillar“ of a state. States will be different, but together will define the role of the armed forces, because more and more armed forces of several states jointly participate in a variety of military missions and other activities around the world.

Many constitutions simply, in a broader sense, define the tasks of the armed forces in maintaining security, and protection of territory, and constitutional order. In some constitutions specific tasks are presented, the Basic Law of Germany it does in the article 6.1, which requires the federal government for each participation in international missions receive approval of the Bundestag,<sup>220</sup> in some countries such as Great Britain and France, the tasks of army forced are

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<sup>220</sup> Ustav Njemačke (Osnovni Zakon) član 24.2;



regulated at the level of government. The level at which the tasks of the military are determined can influence the easiness of the procedure by which the role of the military can change. Hungary's constitution and international obligations governing the armed forces, and the Austrian Constitution states the principle of neutrality of the armed forces. The constitutions of Denmark and Ireland not limiting military tasks but impose parliamentary approval for the engagement of armed force against other states. Dutch constitution defines the participation of armed forces in international peacekeeping operations.

Constitutional provisions in states with unprofessional army can provide the right to conscientious objection regarding military service. History of some states may indicate that it is necessary to guarantee the neutral role of the armed forces at the highest normative level in the constitution (to order the separation of military and political leadership). In these cases, the rights of armed forces members (political rights) are somewhat limited due to higher interests. The general tendency is that armed forces members are treated as citizens in uniform and to enjoy the basic civil and political rights as other citizens, unless their role imposes certain legal restrictions.

## **IMPORTANCE OF HUMAN RIGHTS OF THE ARMED FORCES**

Members of the armed forces are entitled to protection and the same rights as all other persons.

(Some rights are subject to certain limitations imposed by military life).

In a small number of states armed forces members are exposed to abuse, violence, and various forms of illegal conduct, which can lead to serious accidents, incapacitation, death, or suicide.

In some countries, the constitution or laws limit the use of human rights. There are examples of limited rights to vote, freedom of citizens, and freedom of assembly.<sup>221</sup> In some countries, military personnel cannot speak for themselves, or highlight the problem of human rights violations.

Human rights are indivisible and are the right of every person, including the members of the armed forces in certain situations, other rights can be adjusted or limited, on everything they impact: a military discipline, hierarchical organization, the necessity to respect the rules (such as that in performing the tasks of killing other people and sacrificing their lives).

Military life brings with it the service in difficult conditions; the soldiers often live in barracks,

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<sup>221</sup> Kuzmanović Rajko, *Ustavno pravo*, Fakultet poslovne ekonomije, B. Luka, 2006, str. 233;



which means some restrictions of human rights of armed forces. True, the military has a specific institution, different from others. Member of the military is not just an ordinary employee, but also the person who responds to the invitation and that perform its tasks in a more disciplined way. In the flows of transition and globalization, the military is undergoing a process of becoming „pro-citizen“ and suffers the political, legal, cultural, and other pressures of society.<sup>222</sup>

As we see, the army is in the total transformation of society. Military occupation becomes the business of providing financial elements and attractive working conditions. If we look at the army as an institution, then there are certain limitations on rights, but if look at the army as occupation soldiers should have all human rights as other citizens because of their own work they do, they have all rights and obligations as members of other occupations in society.

Limitations of human rights of army must be expressed in the lesser extent in accordance with military needs, they must not be forced from someone or be a continuation of some outdated practices. All restrictions must be proportionate and tailored to the interests of the army and be a compromise compared to full realization of human rights. Any discriminatory restriction based on race, ethnicity, religion, or gender must be considered and fully justified.

The provisions of human rights must be fully implemented in daily practice in the armed forces. Human rights abuses as a result of illegal activities (poor treatment of conscripted soldiers, the most common violations that occur) is reflected in the fact that in some countries, system of protecting the rights of the military often remain insufficient (there are examples that the laws are not respected in practice). In addition to domestic and international courts regarding to appeals to human rights violations, the military ombudsman as well as international observers will be included. One of the responsibilities of senior officers should be the protection of human rights of their subordinates.

Education of officers and other members from the area of human rights is of utmost importance in building and creating a professional culture within the military units.

The importance of securing human rights in the military is reflected in the following:

- Members of the armed forces are the citizens, so they should enjoy human rights and fundamental freedoms.
- Respecting human rights of the military contributes to strengthening the military structure.

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<sup>222</sup> Bernard Boen, „*Koliko treba da bude jedinsvena vojska*“, Sveska 31, 1990. godine



- Respecting human rights and freedoms in the barracks prevent states to abuse the army and turn it against the civilian population.
- Human rights and freedoms protect soldiers from the misuse of state and military leaders.
- Contemporary peacekeeping operations require from soldiers to include respect for human rights in their daily operations.

## **LIMITATIONS OF ARMED FORCES HUMAN RIGHTS**

Soldiers as citizens in uniform enjoy the same basic rights as other citizens. Most of the armed forces believe that political activities are detrimental to the discipline. The rules on political neutrality within the armed forces are very similar, and the extent of refraining from those activities outside of the armed forces varies from state to state.

The most common restrictions of soldiers' political activity are as follows:

- The prohibition of participation in the work of political parties;
- Prohibition to stand for election;
- Denial to wear a uniform while participates in the political demonstrations;
- Restrictions on freedom of expression

Armed forces as defenders of the territorial integrity and constitutional order must be above the political controversy and independent. In some countries, armed forces remain beset with repression and bonds with political parties. Restrictions aim to prevent political disputes within the armed forces, which may affect the efficiency and morale of the army.

In order civilian control to be more effective, it is necessary to separate the political and military power. Restrictions are necessary to prevent the active participation of the armed forces in political life.

Military discipline requires certain restrictions on freedom of expression (such limitation doesn't exist for civilians). In addition, national security justifies limitations on the disclosure of military secrets.



States have the opportunity to impose restrictions on participation in demonstrations and some forms of association to members of armed forces.<sup>223</sup> Most of the restrictions imposed on members of the armed forces concerning the interests of national security, public order, or public safety.

Ministry of Defense of the United States encourages members of the armed forces to carry out their civic duty, but on active duty forbids involvement in certain political activities, such as to be candidates to be appointed to carry out civilian functions, to participate in the management of political parties, campaigns, to use its authority to interfere in elections, and more.<sup>224</sup>

Economic and favorable conditions of work are part of a broad complex of social and economic rights, which include issues such as the right to work, to adequate living standards, and the standards of physical and mental health.<sup>225</sup>

All OSCE participating states give certain social and economic rights to members of the armed forces, which, in some states, different from the rights of other public servants or civilians. The military profession is subject to specific requirements and risks.

Economic, social, and cultural rights have a different nature than civil and political rights, due to relation between both, because for the first the relation by the government should be negative, while for others should be positive. In this area of law, we may point out the limitations of law in the area of working time (the right to rest). Some countries provide that a soldier can be required to be on duty at all times. However, the states ordered the right to compensation in form of days off, or in a form of financial resources for overtime work.

In some countries could be brought to the issue of child protection if they are allowed to recruit in weapon power under the age of 18 years, it appears sensitive question of children's early exposure to harsh conditions and dangerous activities characteristic of the military environment, which can damage their physical, mental and social development. Entry into the armed forces prior to 18 year is mainly on a voluntary basis (under normal situations).

Optional protocol on the involvement of children in armed conflict along with the Convention on the Rights of the Child is the most important international document that speaks about the recruitment of children into armed forces.<sup>226</sup> Forced recruitment is forbidden under any circumstances. Confirm of this ban gives the

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<sup>223</sup> Sadiković, Ćazim, *Evropsko pravo ljudskih prava*, Magistrat, Sarajevo, 2003, str. 112;

<sup>224</sup> Direktiva Ministarstva odbrane br. 1344.10 "Političke aktivnosti pripadnika oružanih snaga u aktivnoj službi;

<sup>225</sup> Međunarodni sporazum o ekonomskim, socijalnim i kulturnim pravima, dostupan na <<http://www.ohchr.org/english>>;

<sup>226</sup> Optional Protocol on the involvement of children in armed conflicts along with the Convention on the Rights of the Child was adopted and opened for signature, ratification, and accession by General Assembly Resolution A/RES/54/263 of 25 May, entered into force on 12 February 2002



Convention 182 (ILO) concerning the prohibition and direct action for the elimination of the worst forms of child labor, which defines forced or compulsory recruitment of persons under the age of 18 for armed conflict as one of the worst forms of child labor.<sup>227</sup>

Rome Statute of the International Criminal Court (which has been ratified by 40 OSCE member states) the recruitment of children less than 15 years determined as a war crime.

Recruits under 18 years should be well informed and aware of the nature of military life. In addition, their parents must be familiar with military life for their children because they are closest to a young man and the first to know about the problem occurred.

Ethnic and linguistic groups should not have obstacles in joining the armed forces, which means that it is necessary to eliminate any obstacles. A question of fairness and discrimination contributes to the efficiency of the armed forces. Using the example of Bosnia and Herzegovina and its efforts to ensure that its defense forces provide the unity of its members through a well-established legal framework, while allowing adequate protection of constitutional guarantees pertaining to the constituent nations, we see how important national and linguistic backgrounds in the armed forces are.

## **PROTECTION OF HUMAN RIGHTS BY THE INTERNATIONAL AND DOMESTIC LAW**

International human rights law are based on the Universal Declaration of Human Rights of 1948, and represents a set of international and regional treaties, of which we single out: the International Covenant on Civil and Political Rights, International Covenant on Economic, Social, and Cultural Rights and the European Convention on Human Rights and Fundamental Freedoms. International humanitarian law, namely the Geneva Conventions of 1949, and accompanying Protocols of 1977, modifies international human rights law related to armed conflicts.

Numerous other treaties protect human rights in a way that they consider the concept of individual criminal accountability. These contracts include 13 general agreements on the problem of terrorism, contracts relating to genocide and slavery, and the Rome Statute of the International Criminal Court.

Obligations towards the UN treaties complements with regional systems of human rights so basic corresponding system to European countries is the European Convention on Human

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<sup>227</sup> Convention on the Prohibition and Immediate Action for the elimination of the worst forms of Child Labor Convention 182, in 1999, Article 3 and among the Member States of the OSCE and ILO only Turkmenistan and Uzbekistan haven't ratified this Convention.



Rights and Fundamental Freedoms of 1950, which was ratified by 46 countries.<sup>228</sup> The European Convention does not apply only to the nine OSCE member states, namely: Belarus, Canada, Holy See, Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan, the United States, and Uzbekistan.

Article 1. The Convention obliges all States Parties to ensure the rights and freedoms set forth in the Convention to all persons within their jurisdiction. Article 1 applies to both, civilians and military personnel.

As the members of the armed forces are treated as citizens in uniform, it means that to members of the armed forces, in accordance with the military way of life, must provide a standard civil and constitutional rights as to other citizens. It is significant because the full integration of the military forces in the community, so that the army was not insulated from political and other life.

The human rights of soldiers in modern society have added significance because the nature of military operations is variable, because military forces are often involved in peacekeeping operations. Members need to provide assistance and political investments in war-devastated societies, in the re-establishment of human rights. Army can do that, if its members are trained to apply human rights.

Differences in terms of the military in various countries will affect the morale and efficiency of the units, which have fewer rights.

Parliamentary Assembly of the Council of Europe has confirmed the importance of respecting human rights of soldiers from their states.

The Assembly promotes the application of common principles based on which military operations and conditions in which the army carries out its duties are created.

It is impossible to ask from soldiers to respect humanitarian and human rights in their operations, if their unit does not guarantee respect for human rights.

Many states have constitutional provisions under which the obligations under international treaties, such as human rights provisions, automatically become part of domestic law or in some cases, are giving priority, and some align their legislation with international law.

It is necessary to try to remove restrictions in the area of voting rights, and that the members of the armed forces may be included in political parties, and that other restrictions on political rights are prescribed by regulations too.

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<sup>228</sup> Kratak vodič kroz Evropsku konvenciju o ljudskim pravima, Savjet Evrope, 1998;



- States should allow to military personnel to join professional association or trade union to represent their interests (of 46 countries of European Convention signatory states, only Spain allowed it).
- The armed forces should be open regardless of religious affiliation.
- Human rights education should be a significant factor in the protection of human rights. All members, especially particular command staff must complete training in knowledge and protection of human rights.

## RESUME

The importance of human rights and the obligations of their application arises from the first sentence of the Declaration on the Rights of Man and the Citizen, which reads: „All human beings are born free and equal in dignity and rights.“

State constitutions in the world are representing human rights as a constituent element of the community and as such, they are protected by the highest legal act. European Convention on Human Rights guarantees that through the European Court of Human Rights mistakes in the domestic protection of human rights will be corrected.

By signing the Convention, states have agreed to guarantee all rights and freedoms stipulated by the European Convention and the protocols that have been passed to the Convention to all persons under its jurisdiction.

In almost all countries, the constitutions give the legitimacy of state institutions and armed forces constitute one of the key institutions of its kind because it protects the citizens, the territorial integrity of government, and major services. The army should not be outlawed. Soldiers are citizens in uniform, so they enjoy the constitutional rights and freedoms, but some of the rights are limited due to military discipline, safety data, and non-interference of civilian and military authorities. The tendency is to reduce these limitations to a minimum, and existing ones to be framed in legislation in order to avoid a breach of human rights of the soldier-citizens in uniform.



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7. Kratak vodič kroz Evropsku konvenciju o ljudskim pravima, Savjet Evrope, 1998.



## ТЕХНОЛОГИЧЕСКИЕ ТЕНДЕНЦИИ В ПОДДЕРЖКУ СОЗДАНИЯ ОТНОШЕНИЙ МЕЖДУ УЧАСТНИКАМИ НА РЫНКЕ

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### **Аннотация:**

*Расширение современных технологий в последние десятилетия вызвало потребность в более эффективных исследований технологической среды для того, чтобы быстро адаптироваться к изменениям. О прогрессивности новых технологий можно заключить на основе недавних утверждений, что наилучшие шансы на рынке имеет тот, кто первым интегрирует инновацию в области новых информационных технологий. Тем что отличает информационные технологии и ставит их в центре внимания большинства наук в области управления, является то, что они необходимы в большей или меньшей степени всем формам и видам организаций. В области маркетинга, тенденции развития технологий приносят новые возможности для установления связей между участниками на рынке. За короткое время интеграции современных технологий в формы традиционного ведения дел, стали обязательными для всех участников на рынке.*

### **Ключевые слова:**

*Информационные технологии, Маркетинг отношений, B2B, B2C, CRM.*

## **ВВЕДЕНИЕ**

Принятие соответствующих текущих ИТ-решений должно быть проведено соответствующим образом с потребностями организации. Построенный прием новых технологий и одновременно соблюдение традиционных способов ведения бизнеса является неизбежным аспектом современной рыночной среды. Независимо от сферы бизнеса, новые информационные и коммуникационные технологии оказывают значительное влияние на организацию и ее окружение из-за своей роли в бизнес-коммуникациях. В Сербии, согласно исследованиям 2010 года, 97,8% предприятий использовало компьютеры в их бизнесе, а немного меньше доля тех, кто использует



Интернет: 96,8%.<sup>229</sup> Что касается влияния технологий на потребителя: 82% семей имеют мобильный телефон и 50,4% ПК.<sup>230</sup>

В связи с расширением за очень короткий период и большими возможностями для применения в бизнес-процессе, ведение дел на основе информационных технологий становится необходимым в условиях современного рынка. В период с 1970 года. по 1990 год ежегодный рост производительности труда за рабочий час в США составлял менее чем 1,7%, а с 2001 года. по 2005 год осуществлен ежегодный рост в размере 3,6%, что теоретики объясняют сильным влиянием информационных технологий и Интернета на общую производительность в обществе.<sup>231</sup> Этот факт говорит в пользу необходимости мониторинга технологических тенденций внешней макроэкономической среды. Таким образом, сегодня уже не ставится вопрос о том, использовать ли новые технологии, но как и в какой степени заменить традиционные маркетинговые средства решениями в электронной среде.

## **КЛЮЧЕВЫЕ ИНФОРМАЦИОННЫЕ СРЕДСТВА НА ПРЕДПРИЯТИЯХ В РЕСПУБЛИКЕ СЕРБИИ**

Современные технологии непосредственно влияют на планирование информационной системы управления, а затем на автоматизацию операций и создание новых каналов распределения. С появлением новых технологий идут, не только изменения в организации предпринимательской деятельности, но и те, связанные с закрытием некоторых рабочих мест, и открытием других. Оказалось, что одно из основных препятствий в реализации новых технических и технологических возможностей, именно непригодность рабочих.<sup>232</sup> Причиной этого является то, что эти изменения прямо появляются перед рабочими, что является критической точкой, которая должна быть решена путем применения соответствующих методов обучения и постепенного внедрения технологий. Кроме того, создание и поддержание хороших отношений с рабочими должны быть приоритетными в организации, потому что качество услуг,

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<sup>229</sup> **Статистическое управление Республики Сербия-СУРС (2010)**, Uпотреba ICT u Republici Srbiji 2010. str. 81.

<sup>230</sup> Тоже, стр. 12.

<sup>231</sup> Gregory, Dess G. & Lumpkin G. & Eisner A.: *Strategic Management*, New York, USA, McGraw-Hill/Irwin, 2008. str 48.

<sup>232</sup> Ratković, M.: Interni marketing u funkciji povećanja zadovoljstva kupaca, Beograd, *časopis Marketing*, Vol.40 (2010), br.4, str.270.



предоставляемых конечному пользователю зависит именно от удовлетворенности рабочего. Создание отношений с работниками в контексте использования потенциальных выгод, которые можно получит от их удовлетворенности и лояльности к организации, в которой они работают, может зависеть от того, как реализуется внедрение современных технологий. Таким образом, внутренние отношения приобретают все большую значимость при рассмотрении внедрения современных технологий.

**Таблица 1:** Применение ключевых информационных средств на предприятиях в Республике Сербии 2010 г.<sup>233</sup>

IT средство	2010	2009	2008
Локальная сеть - LAN	79,5%	68,9 %	65,7 %
Локальная беспроводная сеть - WLAN	46,9 %	37,4 %	24,8 %
Система планирования ресурсов компании – ERP	11,5 %	11,3 %	10,0 %
Система управления взаимоотношениями с клиентами – CRM	8,5 %	нет данных	нет данных
Внутренний портал - Интранет	57,3 %	43,7 %	43,5 %
Портал для координации с партнерами - Extranet	13,7 %	12,2 %	12,7 %

Результаты развития Интернета и других информационных и коммуникационных технологий предлагают много различных возможностей для трансформации и роста компаний.<sup>234</sup> Сербская экономика переживает значительное развитие информационных технологий в управлении, как видно из таблицы 1. Важность быстрого развития информационных технологий для Маркетинг отношений (*relationship marketing – RM*) и особенно процесса управления взаимоотношениями с клиентами (*relationship*

<sup>233</sup> СУРС (2010), *Upotreba ICT u Republici Srbiji 2010*. str.79-81.

<sup>234</sup> Milenović, B. & Ratković, M.: *Strategije marketinga, kako ući na tržište i uspešno opstati na njemu*, Beograd, Fakultet za trgovinu i banarstvo, 2009. str.235.



*management* – CRM) заключается в том, что CRM как особое научное образование родился с помощью информационных технологий. ИТ дали возможность объединения информацией о клиентах, собранной отделом обслуживания клиентов, маркетинга и электронного бизнеса и превращение их в знание, применением которого компания ведет себя как единое целое.<sup>235</sup> Маркетинг теория, конечно, рассматривала развитие отношений с клиентами, но ИТ-инструменты позволили эффективное и эффективное применение вне зависимости от размеров и сложности структуры рынка. Кроме того, отношения с партнерами были значительно улучшены с помощью ИТ-средств, таких как SCM (Supply Chain Management), Интранет, Экстранет, EDI (Electronic Data Interchange) и тому подобное.

### Отношения на современных рынках

Рынки, в рамках маркетинг отношений, делятся по типу субъектов, участвующих в обмене товарами, т.е. на основе доминирующей бизнес-модели, использующей участниками стороны, которая предлагает. В соответствии с представлением выделяются два ключевого сектора:

- рынок конечных потребителей (бизнес для *потребителя*, *Business to Customer* - B2C)
- рынок бизнес-клиентов (бизнес для бизнеса, *Business to Business* - B2B)

Для разработки стратегии управления взаимоотношениями с клиентами (CRM) используется именно это подразделение, потому что существуют значительные различия в торговом поведении наблюдаемых категорий, и подход к ним различен.

Компания, которая продает промышленную продукцию имеет гораздо меньше бизнес-клиентов от конечных потребителей, но они имеют значительно большую долю в общем объеме продажи. Такие компании зачастую до 80% от общего объема продажи осуществляют с 10 и 15 организационными клиентами, что требует специально посвященных B2B маркетингу, которые будут поддерживать отношения со своими клиентами. Из-за важности крупных клиентов по операциям компании, полагаются особые усилия в достижении долгосрочных хороших отношений с ними, над которыми работают специальные группы для продажи и маркетинга. Например, компания Форд решила сократить число своих субподрядчиков и поставщиков от 30.000 до 3.000 и

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<sup>235</sup> Greenberg, P.: *CA/USA CRM at the Speed of Light*, Osborne/McGraw-Hill, 2001. str.3-5.



отдать многим статус единственного претендента.<sup>236</sup> Это решение эффективно увеличило лояльность и более долгосрочные отношения с компанией. Помимо приведенных секторов рынка, можно выделить и участников рынка, которые работают с государственными учреждениями и органами местного самоуправления, как и формы прямой торговли между отдельными потребителями и поставщиками.

В последние несколько десятилетий отмечаются быстрое развитие информационных и коммуникационных технологий и концептуальное изменение в отношении правительства, потребителей и компаний, которое сопровождается развитием неправительственного сектора и новых услуг, предоставляющих государственным управлением гражданам, т.е. своим потребителям. Для нашего общества, переход и реструктуризация государственных предприятий открывает больше возможностей для создания новых рынков, что мы признаем в качестве бизнес-администрации (**Business-To-Administration, odnosno B2A**), касающихся удовлетворения спроса государственного управления использованием продуктов и услуг частного сектора.

При анализе все большего числа услуг, которые государственные учреждения предоставляют компаниям и частным лицам, признаем A2B и A2C модели. Типичным примером A2B услуги влетс проверка платежеспособности третьей компании в Национальном банке Сербии, в то время как субсидирование кредитов на покупку автомобиля или квартиры правительством Сербии считается видом услуги типа A2C.

Развитие Интернета и его услуг способствовало развитию существующего рынка C2B (рынок труда и неполный рабочий день), но и создание практически новой концепции C2C рынка, на котором пользователи непосредственно торгуют товарами и услугами, не зна друг друга и обчно живут на больших физических расстояниях. Хорошим примером местн компании, работающе в модели C2C влетс система **торговли** через интернет **аукционы** Limundo.com. Сайт компании записал большую популярность и неизменно входит в число наиболее посещаемых 10 местных сайтов, наряду с медиа-порталами B92.net и Blic.rs.<sup>237</sup> Выраженное взаимодействие между поставщиками и потребителями признается достижением интернет-бизнеса. В последние десятилетия, взаимодействие между самими потребителями становится новой реальностью для маркетологов. Внезапное развитие социальных сетей и других веб-2,0 концепции открыло новые возможности, но и новые угрозы. Согласно исследованим 2010 года, 34,64% опрошенных интернет-пользователей в Сербии использовало Web 2.0 услуги (форумы, блоги,

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<sup>236</sup> Jobber, D. & Lancaster, G.: *Selling and Sales Management*, Edinburgh Gate, England, Pearson Education, 2009. str. 78.

<sup>237</sup> Grubić, G.: Internet promocija, *Master rad*, Beograd, Fakultet za trgovinu i bankarstvo, Univerzitet "Alfa", 2010. str. 9-11.



социальные сети), чтобы узнать больше о продуктах, прежде чем покупать.<sup>238</sup> Сегодня компании имеют больше возможностей общаться непосредственно с целевыми потребителями и осуществлять эффективны PR (паблик рилейшнз), что, конечно, шанс. Угроза исходит из того, что плохие новости еще быстрее распространяются, и что нет географических и временных барьер, которые могут это замедлить.

Е-бизнес стало обычным делом более или менее для любой компании несмотря на сферу, в которой она работает, а модели электронной коммерческой деятельности постоянно развиваются. Практически все компании в Сербии, а также увеличивается число граждан, ежедневно использует сервис электронных банковских услуг, а деловое общение немисливо без электронной почты и других служб Интернета. Эволюция Е-бизнеса привела к появлению модели *m-commerce* (мобильная коммерция), которая включает использование сотовых телефонов и других мобильных платформ для розничной торговли.

Особенно интересна модель P2P (Peer-To-Peer)- одноранговая сеть, которая очень похожа на модель C2C. Компании, работающие в модели P2P предоставляет людям возможность сделать некоторые сведения доступными для любого пользователя Интернета. The Pirate Bay является самым популярным представителем компаний P2P, но ее деятельность является незаконной, поскольку она имеет дело с нарушением авторских прав, интеллектуальной собственности (фильмов, музыки, программного обеспечения ...). Менее известные компании, такие как Cloudmark, который использует модель P2P в борьбе со спамом (нежелательная почта) и защищает более 850 миллионов электронных почтовых ящиков по всему миру.<sup>239</sup> P2P появился в сфере электронного бизнеса и название происходит от интернет-протокола, позволявшего эффективное совместное использование файлов и других ресурсов компьютера без использования сервера.

Хотя и в меньшей степени, чем первоначально предполагалось, Интернет способствовал повышению совершенствования рынка в целом, поскольку информация стала более доступной и стоимость ее распределения является очень низкой. На специализированных B2B и C2C рынках можно увидеть значительное единообразие цен и общих характеристик предложений, что является прямым результатом возросшей конкуренции, которая глобальна когда дело доходит до Интернета и веб. Анализ глобального рынка онлайн фотографии (C2C модели), проведенный в марте 2010 года. лет, показал, что лидеры рынка практически имеют одну и ту же цену кредита (балл за которые потом можно купить фотографии) и аналогичну ценовую политику, где игровое поле очень

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<sup>238</sup> Isto, dodatak I

<sup>239</sup> Laudon, K. & Traver, C.: E-Commerce 2010, New Jarsey, Pearson Education, 2010. str. 2-32.



узкое из-за высокой конкуренции.<sup>240</sup> В дополнение к явной угрозы, как возможность простого сравнения цен с конкурентоспособными предложениями, Web 2.0 принес с собой новые возможности, которые наиболее успешные актер признали и использовали. Использование поисковой оптимизации SEO (*Search Engine Optimization*) является возможностью, которая предоставляет эффективное привлечение внимания интернет общественности. Таблица 2 показывает влияние SEO на наблюдаемый рынок, где мы видим, что более четверти посещения является результатом веб-поиска, т.е. хорошего позиционирования в поисковых системах.

Таблица 2: Происхождение посещения сайтов лидеров проанализированного рынка Фотографий

	google.com	facebook.com	yahoo.com	iStockphoto	Dreamstime
<b>iStockphoto</b>	<b>22.80 %</b>	<b>3.98 %</b>	<b>1.69 %</b>	-	-
<b>Dreamstime</b>	<b>36.62 %</b>	<b>2.07 %</b>	<b>5.18 %</b>	<b>2.18 %</b>	-
<b>Fotolia</b>	<b>32.10 %</b>	<b>3.53 %</b>	-	<b>2.74 %</b>	<b>1.59 %</b>
<b>Shutterstock</b>	<b>21.51%</b>	<b>10.95%</b>	<b>2.89 %</b>	<b>2.69 %</b>	<b>1.31 %</b>
<b>средний рынок</b>	<b>28.25 %</b>	<b>5.13 %</b>	<b>9.76 %</b>	<b>1.90 %</b>	<b>0.72 %</b>

Исследования показали, что лидеры рынка понимают преимущества присутствия на веб 2,0 сервисах и возможность успешного использования для создания качественных взаимоотношениях с потребителями (Таблица. 3). Контекстная реклама является интересной моделью персонализированной коммуникации, из-за ее преимуществ по сравнению с обычными моделями, благодаря чему становится неотъемлемой частью маркетинга в современных рыночных условиях.

<sup>240</sup> Grubić, G.: Internet promocija, *Master rad*, Beograd, Fakultet za trgovinu i bankarstvo, Univerzitet "Alfa", Dodatak II



Таблица 3: Степень использования возможности присутствия в социальных сетях и в сетях контекстной рекламы

Kompanija	Facebook	MySpace	Twitter	YouTube	Flickr	Google Ads	Yahoo Ads	Microsoft Ads
<b>iStockphoto</b>	□	□	□	□	□	□	□	□
<b>Dreamstime</b>	□	□ □	□	□	□	□	□	□
<b>Fotolia</b>	□ □	□	□ □ □	□	□ □	□	□	□
<b>Shutterstock</b>	□ □ □	□	□ □ □	□	□	□	□	□

В области нематериальных продуктов и профессиональных услуг C2C модели достигнут значительный рост, а конкуренция сильна из-за низкого порога выхода на рынок и большого числа участников торговли.

## ЗАКЛЮЧЕНИЕ

В среде, в которой компании хотят занять успешное место и чем дольше можно оставаться конкурентоспособными, становится все труднее найти и использовать потенциал дифференциального преимущества. Тем не менее, областью, которая постепенно прогрессирует в последние десятилетия является область современных технологий. Применение соответствующих технологий можно рассматривать независимо, но в форме интеграции с известными маркетинговыми инструментами. Таким образом, технологические тенденции должны рассматриваться как потенциальные возможности развития и преимущества в условиях современного рынка. Их применение привело к созданию новых форм рыночных отношений, что в маркетинге рассматриваем через концепцию маркетинга отношений, с упором на управление взаимоотношениями с клиентами.

Применение современных технологий на внутреннем рынке растет, однако, до сих пор не используются все ресурсы, которые они предоставляют. С другой стороны, глобальные компании уже давно осознали важность их реализации, из-за огромного ряда новых возможностей, которые они обеспечивают в создании и развитии отношений между участниками рынка. Таким образом, использование современных технологий следует рассматривать как необходимость, чтобы выжить на глобальном рынке.



Новые формы взаимоотношений вызваны использованием современных технологий, в среде где становятся более всего важными долгосрочные отношения со всеми участниками рынка. Популярная концепция управления взаимоотношениями с клиентами приобретает все большее значение с момента, когда появились новые информационные и коммуникационные технологии, из-за чего их реализацию следует рассматривать в качестве условия использования потенциальных возможностей в рамках маркетинга отношений. Итак, применение соответствующих технических достижений является одним из условий выживания и развития бизнеса в современном конкурентном рынке.

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## SCHOOL AS MARKETING ORIENTED ORGANIZATION

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### **Abstract:**

*Because of globalization, internationalization, and economic developments, significant changes in education in Bosnia and Herzegovina appear. Marketing orientation of schools towards the target public schools through the development of external and internal marketing significantly increases quality and customer satisfaction in the market of educational services. For all three categories of school marketing in education, means first, the presentation (promotion) of schools and quality in education. Communication with target audiences is a very strong in school. Through the Informative School Guide as a modern and avant-garde means of marketing communications, school strengthened its position and reputation in the education of the public in the reform of vocational education and training in Bosnia and Herzegovina.*

### **Keywords:**

*marketing in education, marketization of schools, the market of educational services, marketing communication, informative school guide*

## **INTRODUCTION**

External environment of schools, with the unseen pressure, only in the first decade of the 21<sup>st</sup> century, almost radically modeled the organizational structure, culture, and core processes of learning and teaching in most schools in BiH. The internationalization of educational services is a key element of globalization and competitiveness of schools on the market of educational services is emphasized (Hasanovic, 2004, 5). Schools are forced to marketing communication with the environment (Dzidic, 2010), because the job market blocked the overproduction of certain educational backgrounds (Hasanovic, 2004). Assets intended for education are modest, increasing needs; public accountability is increasing, and increasing control over the spending of public revenue (Bajric, 2008). Markets in education are based on four processes that are

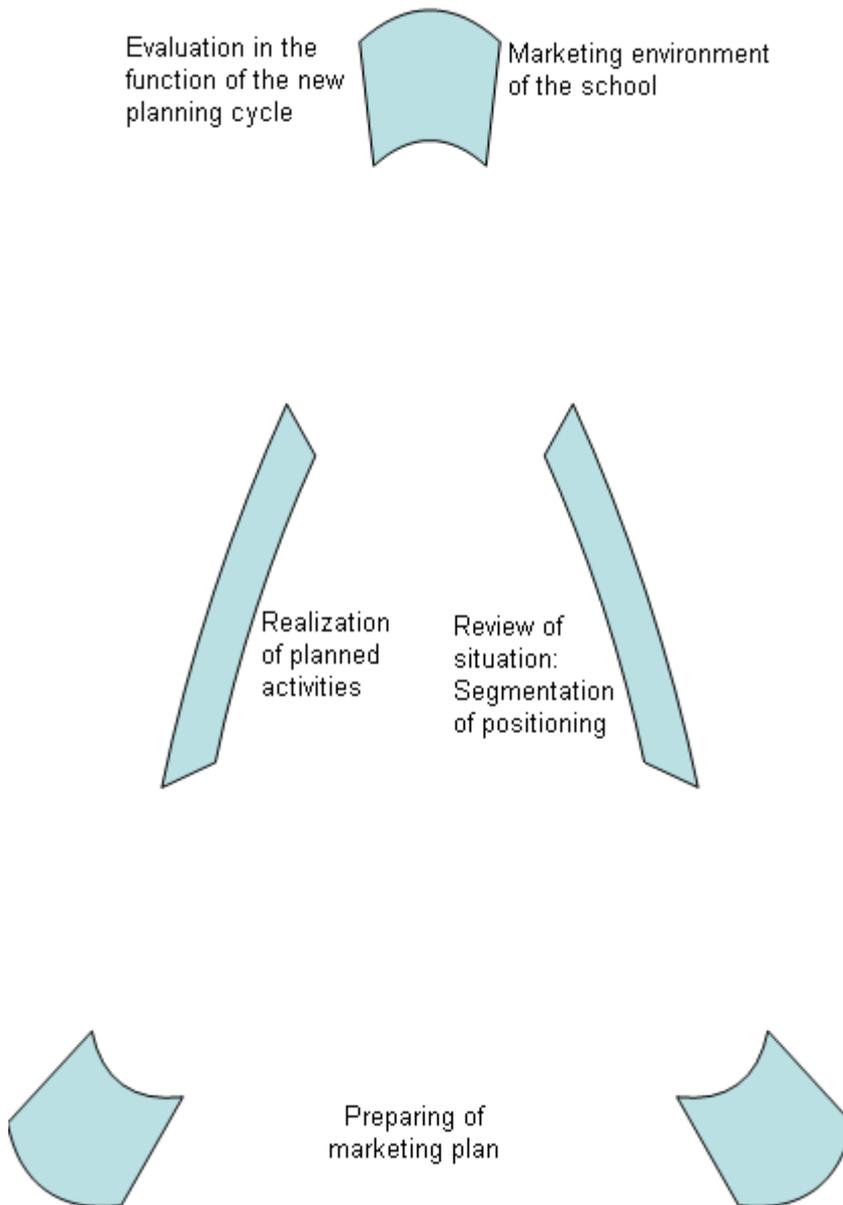


introduced through the school policies: deregulation, decentralization, abolition of school enrollment area, and the funding per student (Trnavcevic, 2000). These processes specifically profile the concept of marketization, where the basic philosophy is free choice of school (Snoj, 2003).

## **THEORETICAL PART**

### **Marketing in education, marketing communication of schools with the environment**

Marketing consists of activities of individuals and organizations that enable and accelerate the exchange in a dynamic environment through the creation, distribution, promotion, and pricing of goods, services, and ideas (Dibb et al., 1995, 5). The service is an intangible product that includes work, performance, or effort that cannot be physically possessed. Services have four essential elements: 1) intangible, (2) the indivisibility of production from consumption, i.e. use, (3) non-storage and (4) heterogeneity (Dibb et al. 1995, 694). To exchanges between educational institutions, as well as service providers and their customers, usually comes through marketing communications. Therefore, parents and students about the quality of teaching and learning is often concluded on the basis of physical evidence, „school equipment, computer classrooms, libraries, educational workshops, and the like“ (Trnavcevic and Zupanc Grom, 2000, 47). In order organization to achieve the main goal, i.e. accelerate the preferred exchange, must develop an appropriate marketing strategy that consists of a selection and analysis of target markets, and creating and supporting appropriate marketing mix that will meet the selected markets. Snoj (2003, 22) believes that... „marketing mix is a combination of marketing activities with which the organization operates on the selected target market in accordance with established strategic and other goals.“ In theory and practice, marketing mix „7P Model“ for nonprofit organizations was established (Trnavcevic and Zupanc Grom 2000, 73) composed of seven marketing tools such as: 1 *Product*, 2 *Price*, 3 *Space*, 4 *Physical evidence*, 5 *People*, 6 and 7 *Promotion*.



**Figure 1.:** *Marketing circle* Source: Prepared according to Hardie, 1991: 41



Marketing communications is a purposeful activity with which the organization along with other marketing activities provide satisfying of the needs of target groups, so it creates, stimulates, facilitates, coordinate value-exchange with the environment related organizations (Snoj, 2003). Hardie (1991, p. 41) speaks of the marketing cycle as a process that schools should immediately run if they want to be effective and successful marketing organization (see Figure 1). For marketing communications of the schools (Trnavcevic and Zupanc Grom 2000), the following instruments are typical: advertising, written materials, promotional events, personal selling and public relations. Marketing-oriented school make „radical shift of consciousness and behavior of all employees in terms of respecting the true needs, wants and demands of users of their services“ (Hasanovic, 2004, 11).

## **EMPIRICAL PART: CASE STUDY – SELECTED HIGH SCHOOL IN TC AREA**

### **Purpose, research objectives, and research questions**

The intention is to explore the understanding and relationship between users of education services to the marketing of education. It is very important to know which tools of marketing communication mix are used, and get to know the level, quality, and range of marketization process in the respective high school. The objectives of this study are to show and enlighten a critical contemporary literature in the field of marketing in education, to explore how the school principal, teachers and parents understand the marketing and education in particular high school, to explore the tools of marketing communication mix used in school, to explore the extent to which informative school guide of the school contributes to a better marketing communication with the school environment, to suggest appropriate measures and activities to enhance marketing communications with the school environment based on results of research. Research questions: How principal, teachers, and parents understand marketing education?, What marketing communication mix of tools are used by the school principal, teachers and parents in communicating with the school environment?, To which extent informative school guide contribute to better informing of teachers, students and parents, and building the image of the school environment.

### **PARADIGM OF RESEARCH, SAMPLE, DATA COLLECTION METHODS, INTERVIEW QUESTIONS**

Qualitative research is a conceptual umbrella that helps us understand and explain the importance of social phenomena, a qualitative method is the only means with which a researcher can get a kind of look at people and circumstances that are necessary (Easterby,



Thorpe, and Lowe, 2004 at Dzidic, 2010, 44). In this paper, as type of research study, used a case study defined by the authors (Yin, 1994; Bassey, 1999; Merriam, 1998 in Dzidic, 2010, 44-45), on the example of selected secondary school in Tuzla Canton.

Intentional pattern of research in the study is a very successful high-ranked mixed secondary school in the area of Tuzla Canton. The school principal, five teachers, and five parents covered the survey, as a target group of respondents. Used method of research was the interview, a structured instrument for group and individual interviews. During the study, documents of the school and especially the annual program of the school (GPRS) and informative school guide were analyzed. The structured interview questions were pre-specified, and were identical for the individual (the director) and group (focus groups: teachers and parents) interview. Interview questions were: What do you think marketing means in education?, How does your school communicate with service users?, Did Informative School Guide of the school achieve informational and promotional function relating to you, i.e. whether it is contributed to building the image of the school?

## **ANALYSIS AND INTERPRETATION OF INTERVIEW**

After analysis of the written report of performed transcripts of interviews with the principal, teachers and parents, analyzing keywords, the following categories for all research questions appeared:

### **THE MEANING OF MARKETING IN EDUCATION**

On a first question from the interview, „What do you think marketing means in education?“, representatives of all three categories of subjects: the principal (D), teachers (N) and parents (R) said that for them marketing in education means first of all, the promotion of schools and quality of education.

Marketing in education is ... *„Known concept but it is hard to define... many thing can be encompassed as its content“ (R3), „marketing in education is a way of approaching the customers of educational services in a fair and transparent manner “(D)... and „marketing in education is a sincere intention of school in interesting and fairly approach to desires, demands, and needs of students and their parents“ (N2).*

*„For most people in the local community we have become a solid school that follows current trends in vocational education and training, that with introduction of new professions and educational backgrounds in the EU VET program attract high quality students who were enrolled the previous year mainly in secondary schools“ (D). Teachers often for marketing in education say that is... „a reflection of good work and progress of schools in the market of educational services. Now everyone is talking about our school, the modern bakery, orchard,*



*workshops, practical classes, students' union (N1)... Students are running out, a school must have the quality to fight for good students. How?... good advertising ... in any case relating to the promotion of the school, the popularization of a particular profession, the profile of professional titles and professions“ (N5). Parents see marketing in education as „an attempt to present the school and attract children to enroll in the conviction that this is a unique institution in respect of all similar schools in their environment.“ (R3)*

## **THE WAYS OF MARKETING COMMUNICATIONS OF SCHOOL WITH USERS**

*On the question of how you communicate with parents, students and public school principal said through „school presentations, information, and parent-teacher meetings, meetings with parents, celebration and reward teachers and students, school partnerships, informative school guides, school magazine, student cooperatives, etc.“ (D). Teachers have also noted that such communication takes place through „student cooperatives at the school, carrying the spirit of entrepreneurship and youth entrepreneurship, and which is equipped with modern equipment for the food and service (N3 )... school that has a skilled and entrepreneurial staff, headed by the Principal (N1),... then they emphasized... „Student’s Council, Parents Council, working visits to successful commercial entities (N2),... Contacts are made at festivals, competitions, and especially on the School's day when the door for potential students and their parents are open... then the school represent itself in the best light with all the exhibits and the results of their work (N5 ),... presentation of our school are awards our students won in various fields at municipal, cantonal, and federal contests, and that is one the best form of presentation and advertising of school (N4). Parents have stated that communication with the school is placing through „regular going to PTA meetings, then to specific sessions of the school, shows, (R2)... through informative guide and school magazine (R4), and reports from various competitions.“ (R1).*

## **INFORMATIVE SCHOOL GUIDE (THE PUBLICATION)**

Interview participants, based on the theoretical elaboration of the function and purpose of the publication of school (Trnavcevic, 2004) were asked the following question, „Is Informative School Guide of school achieve informational and promotional functions according to you, and contributed to building the image of the school?“

The school principal, said, „Informative School Guide from its first edition in 2002 was a representative tool of marketing communication. I think the guide fully accomplished its mission. In addition, as a promotional tool of marketing communication school was



wholeheartedly accepted not only by our teachers, students and parents, but also from other schools, business partners, and education authorities of TK.

*In that way, the school builds an image of a very successful and quality school in the reform processes of vocational education and training in BiH "(D). Teacher (N1) says... Among teachers, the general excitement prevailed when the first Informative School Guide was published. The guide extremely effectively presented school, teachers, students, our educational activities, and successes from the competition... even our photo session with the Teachers Council was set up. Teacher (N4) adds... I was proud when during the Festival of Federation of secondary schools in Mostar Informative School Guide was publicly introduced. Colleagues have asked me for our working conditions, Student's cooperative, orchard, etc.*

*In response to a question parents say, „I've worked in industry, administration and I'm engaged to local authority (R2) ... it's all about people ... just an educated and successful manager could started Informative School Guide ... even other organizations have copied this ... The school has achieved significant results, a reputation and name. The first meeting with the guide was a kind of enthusiasm says parent (R5). I was glad to see my son's picture when he won first place at the federal Competition (R1)... He and other students were financially rewarded by the Principal, and provided them a free one-day excursion. The care for students is evident.“*

## RESUME

The research results provide a deeper understanding of marketing in education, the relationship between internal and external users of education services towards marketing, as well as tools used in marketing communications in high school. Based on these results we can conclude the following:

- Marketing in education is for principal, teachers and parents generally „known term“ and most see it as the promotion of schools and quality of education,
- All three categories of respondents in high school have a positive attitude towards marketing in education. It breaks down prejudices and ingrained stereotypes about „insurmountable bureaucratic barriers“ for the marketization of schools.
- The school spends much lower internal marketing because it involves resources, planning and recruitment, and training and motivating skilled teachers in presenting educational programs schools in the market of educational services.
- Communication between the internal and external users of the school primarily acts through personal selling, sales promotions, and public relations.



- Informative School Guide as a representative and cutting-edge tool of marketing communication with the environment contributed to the image and reputation of the school environment not only in the same educational institutions, but also in public education involved in the reform of vocational education and training in BiH.

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## TRANSFORMATIONAL LEADERSHIP IN HIGH SCHOOLS OF TUZLA CANTON

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### **Abstract:**

*The study attempted to answer a few questions: 1) To what extent is the transformation method of keeping the practice of managing high schools of Tuzla Canton?, 2) To what extent schools differ in the degree of presence of transformational ways of managing?, 3) To what measure the attitudes of managers and workers agree on measures of that presence?, and 4) How much the training of managers in the field of educational management contributed to affirmation of the promotion of transformational ways of managing in practice of high schools of Tuzla Canton? The results showed that transformational managing is highly represented in all secondary schools in Tuzla Canton. Education director of secondary schools in the area of educational management significantly contributed to the way in establishing a transformation that will represent a solid basis for the implementation of plans and programs of their education system.*

### **Keywords:**

*management, leadership, leadership style, transformational leadership, education in management*

## **INTRODUCTION**

Polycentricism of education system in BiH largely slowed down the reform of education in general. Through project „Model for Systemic Changes in Secondary Education“ (FOD BiH, 2004) in education of TK significant progress in the democratization of social relations was made. The school has significantly strengthened the influence of students, their parents, communities, business, and other subjects to create the educational process (Law on Secondary School in Tuzla Canton, 2004). Quality of principal's management will be a key element of creating a „critical mass“ of followers to adapt school to changes in the environment (Silins, 1994). School principals will have to come together with colleagues to create a vision and



strategic goals of development and responsibility for adapting the organization to convey the changes to all contributors, which include the application of optimal ways of keeping (Hasanović et al., 2006). According to many authors, transformational leadership is a way of keeping schools in accordance with 21<sup>st</sup> century because it is based on the authentic needs of staff involved in creating a common vision of providing the unreserved commitment and enthusiasm in achieving common objectives. Bass (1994) states that managing affects the changes in employees that can be defined as the changes of lower order (transaction management) and changes in higher order (transformational leadership).

## **REVIEW OF THEORY FROM MANAGEMENT POINT OF VIEW**

### **Theoretical consideration of the managerial concept**

The most commonly used terms and phrases in the definition of managing are (Hasanović et al. 2006: 186-187): „Leadership is a process“; „Leadership is a willing act“, „Leadership the production of changes“; „Leadership is the use of power and influence“; „Leadership is a process of social influence“; „Leadership is influence in shaping the vision and strategic goals of the organization“; „Leadership is a process of social exchange“, etc. Thus, according to Kotter (1990 in Silins, 1994: 3): „An important function of leadership is to produce a corresponding change, while management is used to maintain current operations of the organization.“ Wehrich (1994: 490) defines the management as „an influence, i.e. art and process of influencing people so that they readily and enthusiastically striving to achieve collective goals.“ Transformation method of managing fit in a broader theoretical framework of „Theory of transformation.“

## **TRANSFORMATIONAL MANAGEMENT**

Maslow (1982, Hasanovic, 2007: 33) in his motivational theory speaks about hierarchy of human needs that occupy a particular place on the pyramid according to the importance of satisfying (see Table 1). The role of leader in motivating employees is reflected in creating an optimal working environment for the effective execution of tasks. From the aspect of leaders and associates relations in the leadership process, it is important to determine whether staff meets their needs of lower or higher order. Bass rounded up (1985) a model of transformational leadership in a form that is presented in Figure 1. The starting point of the model the existing level of efforts is determined, which is based on the degree of trust that subordinates have regarding to leader, and the desire for the achieving of certain results. Transformational leader encourage the extra effort to even greater strengthening of trust in employees. This can be



achieved developing the needs of subordinates, stressing higher interests, changing and expanding needs of the Maslow's hierarchy of needs. Main factors of transformational leadership are: a) idealizing influence (charisma), b) inspiratory motivation, c) intellectual stimulation, and d) respecting individual followers.

Table 1.: Theory of Maslow's hierarchy of needs

SATISFYING OUTSIDE OF THE WORKPLACE	HIERARCY OF NEEDS	SATISFYING AT THE WORKPLACE
Education, religion, hobbies, personal growth	5 <sup>th</sup> level, the need for self-realization (self-actualization)	Training opportunities, advancing, growth and creativity, challenges
Approval of the society, friends and communities, the status	4 <sup>th</sup> level, Needs according to respecting	Recognition, high status, increased responsibility, reputation
Society, friends, community	3 <sup>rd</sup> level, Needs of belonging	Working groups, teams, clients, colleagues, superiors
The absence of war and aggression, violence, instability, pollution	2 <sup>nd</sup> level, Needs of security	Safe operation, extra bonuses, provided working positions
Food, water, sexual intercourses	1 <sup>st</sup> level, Physiological needs	Nutrition, air, wage

Source: Hasanovic, 2007:33

## EMPIRICAL PART: TRANSFORMATIONAL MANAGING INSECONDARY SCHOOLS OF TUZLA CANTON

### Research, aims, objectives, hypotheses

The intention is to study determine the extent to which school principals tend to transformational leadership through the management practices in secondary schools in Tuzla Canton. It is useful to explore, especially in terms of achieving a shared vision for school development, the existence of different views and opinions of principals and teachers about the presence of transformational ways of managing school. It is particularly important to determine the extent to which training of principals in the field of educational management contribute to



the promotion of transformational ways of managing school. Based on the objectives of research, following the hypothesis that needs to be verified have been set up: H1: Principals of secondary schools are significantly different in the representation of elements of transformational leadership, H2: The views and opinions of principals and teachers differ in the presence of elements of transformational leadership in school, H3: Principals of secondary schools that have undergone training in educational management, significantly differ in the way of representation of transformational leadership.

## **THE SAMPLE, RESEARCH METHODOLOGY, LIMITATIONS, DATA PROCESSING**

The sample refers to 12 out of 30 secondary schools in the Tuzla canton, of which six are represented as mixed secondary schools, four high schools, and two technical and related schools. The sample allowed processing of attitudes and opinions of two groups: a) All principals of secondary schools from a representative sample (12 principals), of which 6 completed the current school educational management in the Republic of Slovenia in 2002, b) Teachers and associates (20-40% of the population in each school) from all 12 schools from a representative sample. With the realization of a representative sample, representation of elements of transformational leadership for the entire population of directors of secondary schools in Tuzla Canton can be generalized. The survey is based on the quantitative paradigm as the fundamental starting point of research represented in this paper. As the survey instrument used a standardized questionnaire MLQ 6S, which were developed as a shortened form of Bass and Avolio (1992 in Northouse, 2001) and the same for both groups of respondents from a representative sample. Modified multifactorial management questionnaire MLQ-6S (Multifactor Leadership Questionnaire, Northouse, 2001) with a set of 21 questions deals with not only the factors of transformational (I-IV) but the transaction (V-VI) and laissez-faire (VII) management. In the representative sample as the target groups of participants (in the function of a circular 360-degree assessment method) haven't surveyed students, their parents and other entities involved in the operation and management of schools.

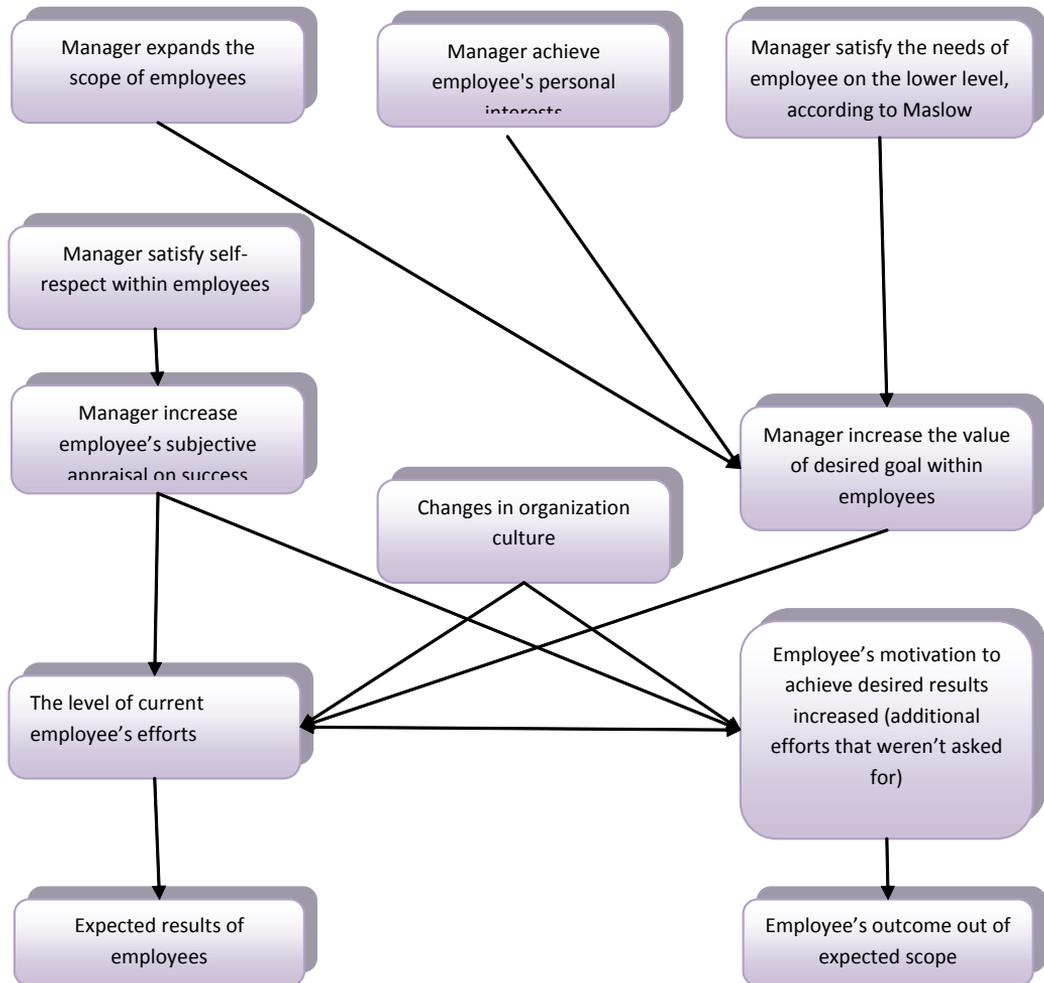


Figure 1. Source: Hasanović, 2007:52, Transformation leadership and additional efforts of employees (Bass, 1985)

## PRESENTATION OF STATISTICAL INDICATORS

Of the 200 questionnaires sent to 12 secondary schools in Tuzla Canton, 157 were returned and properly completed, reflecting the representativeness of the sample. In presenting the survey results, due to limited space we will not elaborate gender, work experience, experience in management, the type of education and training of the respondents in the field of educational management. Because the purpose of the work, we will present the results of research only for



transformation of leadership. The mean value of all seven leadership factors from the questionnaire MLQ 6S is shown in the summary Table 2. Transformational management includes the first four factors of management of the research survey (I to IV), and summary table presents the value for principals (D) and employees (Z) in each particular school.

**Factor I** as a basic variable of transformational leadership style suggest to degree of enthusiasm and a dose of confidence in the ability of followers to create a new leader and as a magnet attractive vision of the organization. According to survey research for all secondary schools (mean score 3.0 and higher), principals have a charismatic personality and enjoy a high degree of confidence of their associates. The difference in attitude and opinion of the principals (3.33) and employees (3.12) is almost insignificant.

School	Factor of managing – number of points															
	I		II		III		IV		V		VI		VII		Σ	
	D	Z	D	Z	D	Z	D	Z	D	Z	D	Z	D	Z	D	Z
A1	4,0 0	3,5 0	3,6 6	3,0 7	3,3 3	2,4 4	3,6 6	2,7 8	3,3 3	2,8 4	3,0 0	3,2 6	3,0 0	2,6 2	3,4 2	2,9 3
A2	3,6 6	3,2 9	3,3 3	3,0 8	3,0 0	2,4 5	3,0 0	2,5 0	2,6 6	2,3 7	3,0 0	2,5 4	1,6 6	2,0 0	2,9 0	2,6 0
A3	3,6 6	3,2 3	3,3 3	3,0 3	3,0 0	2,4 6	3,0 0	2,6 0	3,3 3	2,8 0	3,0 0	2,9 6	2,0 0	2,4 3	3,0 4	2,7 9
A4	2,6 6	2,5 9	2,6 6	2,3 3	2,3 3	2,0 4	3,0 0	2,1 1	2,3 3	1,9 2	2,6 6	2,5 4	2,3 3	2,3 0	2,5 7	2,2 6
A5	3,6 6	3,4 0	3,3 3	3,0 4	3,0 0	2,7 6	3,0 0	2,8 5	3,3 3	3,0 0	3,3 3	3,0 4	1,6 6	2,0 4	3,0 4	2,8 8
A6	3,3 3	3,2 2	3,0 0	2,9 6	3,0 0	2,6 6	3,0 0	2,8 0	3,3 3	2,7 7	3,0 0	2,8 0	2,0 0	2,1 8	2,9 5	2,7 7
B1	3,6 6	3,2 5	3,3 3	2,9 1	3,3 3	2,6 6	3,0 0	2,8 7	3,3 3	2,7 9	3,0 0	2,9 3	1,6 6	2,1 4	3,0 4	2,7 9
B2	3,6 6	3,5 0	3,3 3	3,2 9	3,0 0	2,9 1	3,0 0	2,6 6	3,0 0	2,7 5	3,3 3	2,8 3	1,3 3	2,0 8	2,9 5	2,8 6
B3	3,3 3	3,0 3	3,0 0	2,7 4	3,0 0	2,7 4	2,6 6	2,7 0	3,0 0	2,7 0	3,0 0	2,5 1	1,6 6	1,9 2	2,8 0	2,6 2
B4	3,0 0	2,9 5	2,6 6	2,8 0	3,3 3	2,8 0	3,0 0	2,7 6	3,3 3	2,6 1	2,6 6	2,7 1	2,9 5	2,6 6	2,9 5	2,6 6
C1	3,0	2,6	3,3	2,7	3,0	2,7	3,0	2,9	2,6	2,4	2,6	2,4	3,0	2,5	2,9	2,6



	0	0	3	2	0	8	0	0	6	2	6	8	0	7	5	4
<b>C2</b>	2,3 3	2,8 8	2,3 3	2,3 0	1,3 3	2,0 4	3,0 0	2,6 1	2,3 3	1,9 0	2,3 3	2,7 3	3,0 0	2,7 8	2,3 8	2,4 6
<b>Mean value</b>	3,3 3	3,1 2	3,1 1	2,8 6	2,8 9	2,5 6	3,0 3	2,6 8	3,0 0	2,5 7	2,9 1	2,7 8	2,1 9	2,3 1	2,9 2	2,6 7

Table 2, Source: Hasanović, 2007: 91, Summary of research survey by factors of managing

**Factor II** as other fundamental variables of transformational managing indicates how much the principal as the leader supports colleagues to do more than what is expected from them. According to the survey research, principals are considered to provide exceptional support to colleagues (3.11) in the work, and interviewed staff believes that this support is on the verge of middle and high level of expectations (2.86).

**Factor III** as the main variable of transformational leadership shows us how much the principal as the leader encourages intellectual independence associates in solving problems, and respect their creative and innovative solutions in work. According to survey, school principals as leaders (2.89) moderately to highly respect intellectual and creative abilities of associates, while employees considered (2.56) that their ideas and attitudes are undervalued.

**Factor IV** as the main variable of transformational leadership tells us about the care of principals as leaders for individual and personal needs of employees and enhancing their vocational and professional status. According to survey, principals believe that concerns for individual employees are highly expressed (3.03), and the employees believe the lack of concern is obvious (2.68).

In all six schools whose principals completed „School of Principals“ in Ljubljana, the assessment of the factors of transformational leadership is high, ranging from 3.00 to 4.00 for the principals and of 2.60 (only one school) to 3, 50 for teachers. In schools which principals are educated, transformational leadership is average to highly represent in the daily practice of leadership. This ratio (3.1 principals; employees 2.8) towards the principals whose schools have not completed education is significantly expressed (2.8 principals; employees 2.5).



## RESUME

Based on survey of transformational leadership, we can conclude the following:

1. Transformational leadership in all secondary schools in Tuzla Canton is very highly represented, in particular in schools in the sample whose principals are graduates of educational management. This means that the specialized training programs contributed to the improvement of methods of transformational leadership in secondary schools in Tuzla Canton, so the third and most important hypothesis is fully confirmed.
2. In the midst of reform processes in response to the challenges of the environment, there is necessity of changing the organizational culture in secondary schools in Tuzla Canton. The first step, the results of transformational leadership has already been made, because changing the organizational culture begins to develop a shared vision, strengthen employment and to strengthen relationships among people.
3. The high degree of mutual respect between the principal and staff of secondary schools in the Tuzla canton already exists. There are significant differences among schools in terms of representation of elements of transformational leadership methods, which confirmed the first hypothesis that principals of secondary schools differ significantly by level of implementation of transformational leadership methods.
4. Through the delegation of responsibilities, powers, and responsibilities of the contributors to a large extent they are trained to accept transformational ways of managing school. Different approach of principal as the leader led to different ways of experiencing transformational leadership in school, thus confirming the second hypothesis of this research.
5. Transformational leadership, regardless of the resistance mechanistic and bureaucratic structures within and outside of the organizational structure of schools, gradually establish in the direction of producing the necessary changes that will inspire employees to better work and enthusiasm, and to achieve greater results.



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## ДИРЕКТОР ШКОЛЫ: МЕНАДЖЕР ИЛИ ПЕДАГОГИЧЕСКИЙ ЛИДЕР

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### **Резюме:**

*В настоящей работе, на основании сопоставления теоретического концепта менеджмента в образовании и практического опыта управления, исследована двойная роль директора школы. Генерические специализированные навыки директора школы как менеджера рассмотрены в контексте реактивного стиля управления и поддержания стабильности и эффективности существующей системы. Генерические компетенции директора школы как лидера рассмотрены в контексте творческого стиля управления и приспособления школ переменам в общественной среде. Согласно исследованию, желательно, чтобы директора школ обладали не только компетенциями менеджера, но и лидера. Профессионализация службы директора, посредством постоянного профессионального совершенствования и развития, подразумевает их систематическое обучение в области менеджмента и образования, в целях эффективного управления школами в процессе приспособления к острым переменам в обществе.*

### **Ключевые слова:**

*менеджмент, управление, директор школы как менеджер, директор школы как педагогический лидер, профессионализация службы директора*

## **ВВОДНЫЕ ЗАМЕЧАНИЯ**

Образование является специфической областью, систематически устроенной, где острые перемены невозможны, а если они и произойдут, они приводят к далеко идущим последствиям на отдельных образовательных учреждениях, если их не "институционализировать" своевременно (Agić, 2009). Считается, что среда в которой школа находится играет решающую роль в развитии школы (Černetić, 2004), а роль директора школы сводится к посредничеству в отношениях с внутренним и внешним окружением. Буш (Bush 2003 в Hasanović, 2009: 121) считает, что существует только одна



всеохватывающая теория менеджмента в образовании о том, каким управление школой является и каким оно должно быть. Хасанович (Hasanović, 2009: 121) подчеркивает факт, что классические теории менеджмента отрицают профессиональный статус школ как организаций и преподавателей, что является одной из самых важных особенностей менеджмента в образовании. По сути дела трудно согласовать личные цели преподавателей с целями развития школы, что представляет собой одну из главных задач директора школы (Erčulj, 2003). Директор школы часто находится в противоречивом положении: слепо соблюдать правила и распоряжения образовательных властей или поощрять преподавателей, чтобы они самостоятельно уравнивали собственные цели с целями развития организации. Двойная роль директора школы: менеджера и (или) педагогического лидера дополнительно осложняет сам процесс управления в школе. Профессионализация их службы, посредством систематического профессионального совершенствования и развития, навязывается как единственное возможное решение в обеспечении качественного подъема и развития школ, так же как и их успешного управления в будущем (Hasanović, 2009). За директором школы как менеджером обязанность сохранить функциональность и эффективность существующей системы (Silins, 1994), а как руководителем – приспособлять школу, человеческие и другие ресурсы радикальным переменам в окружении (Gruban, 2008).

## ТЕОРЕТИЧЕСКОЕ ОБСУЖДЕНИЕ ПРОБЛЕМЫ

### Менеджер и (или) лидер

Большинство авторов в области теории управления считают, что роли менеджера и лидера дополняют друг друга, и что они должны быть в равновесии для того, чтобы организация могла успешно и эффективно функционировать. Юкл (Yukl 1998 в Hasanović, 2009: 122) отмечает, что менеджеры, как правило, более ориентированы на стабильность, руководители же – на изобретательность. Хупер (Hooper 2000 в Hasanović, 2009: 122) считает, что для успешности организаций будущего нам нужны индивиды, которые одинаково хорошо ориентируются и в роли менеджера и в роли лидера. Можина (Možina 1994 в Hasanović, 2009: 122) считает, что менеджеры – замечательные исполнители запланированного, в то время как руководители ведут себя как предприниматели. Грин (Greene 1996: 76) считает, что менеджеры стараются принудить людей делать то, что они желают, в то время как руководители работают над решением проблем в системе, и дают стимул людям, чтобы они стали частью решения. Беннис (Bennis 1995: 6) разницу между менеджером и руководителем определяет следующим образом: "Работаем для менеджера и работаем с руководителем". Залезник (Zaleznik 1998: 54 в Roncelli, 2003) считает, что менеджеры и руководители – два разных типа людей: некоторые по натуре руководители, другие по натуре менеджеры. Сэдлер (Sadler 1997 в Hasanović, 2009: 122)



считает, что реактивный и креативный стили мышления и поведения характерны для менеджера, т. е. лидера. Авторы чаще всего рассматривают отношение менеджера и лидера в контексте взаимодополнения и интеграции их ролей, а очень редко они рассматриваются как две совсем отдельные и самостоятельные роли (см. диаграммы 1 и 2).

Диаграмма 1. Роли менеджера и лидера различны, но они взаимодополняются в новой роли



Источник: Hughes et al., 2001 в Hasanović, 2009: 123

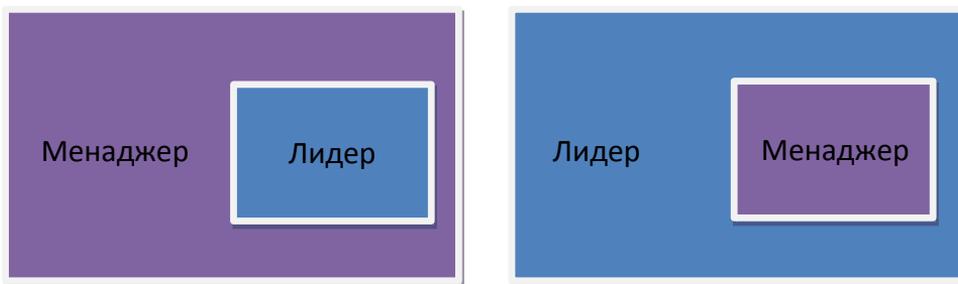
В связи с этим навязывается вопрос: Приводит ли развитие современного менеджмента отождествлению управления (management) и руководства (leadership)? В литературе, у большинства авторов, часто выдвигается дихотомность процесса управления, именно для того чтобы выделить существенные характеристики и различия между менеджером и руководителем. Эту существенную разницу выражает фраза Бенниса и Нануса (1985: 21): "Управляющие делают вещи правильно, а руководители делают правильные вещи". Отношение лидер – менеджер по своей сути выражает разницу между трансформационным и транзакционным стилями управления. Согласно Залезнику (Zalezniku1977 в Silins, 1994: 5): "Трансформационные руководители стремятся отделиться от системы и создать перемену, в то время как транзакционные управляющие стремятся работать внутри системы и защитить ее". Беннис (Bennis 1995: 6) считает, что менеджер – человек который делает вещи, когда надо. Менеджер планирует, организует, ведет и контролирует людей в направлении осуществления заданных целей организации. Когда речь идет о способности, то есть неспособности менеджера, всегда в первый план выдвигается наличие, то есть выработанность соответствующих генерических компетенций менеджера. Компетенции в самом широком смысле охватывают знания, навыки, способности, личные характеристики, образ поведения, убеждения, самосознание и ценности, то есть все, что продвигает рабочую успешность больше, чем само знание служащих. Способность принятия новых идей, вызывания старых идей, и

преодоление противоречий – вот то, чему по Беласену (Belasen 2000: 10-11) должны научиться сегодняшние и будущие менеджеры на пути организационной успешности.

В качестве основного лозунга более конкретного определения генерических компетенций успешных руководителей напрашивается рассуждение Бенниса (Bennis 1985: 3): "Научиться быть успешным руководителем – не что иное, как научиться стать успешной личностью".

Максвелл (Maxwell 2000 в Hasanović, 2009: 128) считает, что лидер должен помочь сотрудникам, чтобы они ответили себе на три вопроса: что они желают, знают ли они, как добиться желанного и как они будут награждены за успех? Если руководители обходятся с служащими как с целостными личностями, тогда в результате получается общее сотрудничество и взаимное стимулирование, превращавшее последователей в руководителей, и таким образом, руководители легко станут моральными агентами перемен. Илго (Igo 2007 в Hasanović, 2009: 128) выделяет шесть ключевых черт поведения, определяющие лидера (лидера): "Руководители знают куда они идут, т. е. они четко видят желанное, конечное состояние, руководители знают где они находятся в данном моменте, для лидера желанное конечное состояние является приоритетом, они знают дать толчок другим в целях достижения желанной цели, они помогают сотрудникам точно ориентироваться на цель, они способны перевести творческое напряжение в целый ряд деятельностей, влекущих вперед в осуществление цели". Беннис (Bennis 1985: 3) считает, что новые лидеры те, которые готовят людей к деятельности, которые последователей преобразуют в лидеров, и которые лидеров легко трансформируют в людей перемен. Их работа и деятельность должны быть полностью согласованы с провозглашенными ценностями организации, а руководство должно быть разделено на всех членов организации и основываться на наличии автономных лидеров, действующих по началах супсидиарности заслуженного авторитета.

Диаграмма 2. Одна роль – часть другой



Источник: Daft, 2001 в Hasanović, 2009: 124



Басс (Bass 1985 и Hasanović, 2009: 133) в анализе действованиа лидеров в процессе управления особо отмечает значение т. наз. "эффекта Пигмалиона" на последователей. Люди, с которыми у лидеров связанные положительные ожидания и от которых ожидается хорошо выполненную работу, на самом деле работают лучше людей, от которых лидеры не ожидают ничего особенного, или же ожидают плохо выполненную работу.

### **Двойная роль директора школы: менеджер и (или) педагогический лидер**

Идеальный директор школы в 70-ые годы двадцатого века, считает Эрчуль (Erčulj 2003: 7), был выдающимся экспертом в сфере педагоги, стремящийся к переменам, и одновременно готовый сотрудничать с другими. У современного директора, считает Иняц (Injac 2007 в Hasanović, 2009: 133), должны быть свойства предпринимателя, у него должно быть видение, лояльность и преданность подчиненных, и поэтому у него должны быть навыки менеджера и одновременно навыки педагогического лидера. Концептуальный и практический подходы к сравнению менеджмента и управления помогают определить основные дифференциальные признаки различных ролей, исполняемых директором: как лидера профессионалов или как и (или) шефа исполнителей. Современное управление школой, считает Ресман (Resman 2004: 11), подвинулось от транзакционного и инструкционного к трансформационному руководству. Произошел сдвиг роли от директора как эксперта и инструктора по управлению процессом обучения к директору как эксперту по мотивированию и другим видам поддержки, улучшающим качество работы учителя и учеников.

Что это за новые компетенции, способствующие эффективному и действительному управлению, которыми директор должен обладать. Компетенции директора школы являются способностями, знаниями и навыками, необходимыми директору для оптимального выполнения функции управления в школе (Roncelli, 2001 в Hasanović, 2009: 136). В качестве базовых компетенций директора школы Рончелли (Roncelli 2001) приводит следующие: "1. Знание законодательства и административных процедур, 2. Знание образовательной системы и управления, 3. Понимание и соблюдение полномочий и ответственности отдельных органов и директоров, 4. Совершенствование знаний, в целях развитии школы как одного целого, 5. Ответственность за совокупное общественное участие в местной и более широкой общественности, 6. Развитие поведения и навыков во всех областях образовательного менеджмента, 7. Знание основ экономики и финансового менеджмента, 8. Обладание навыками управления, в первую очередь трансформационного, как естественным продолжением эффективного



транзакционного управления (Roncelli, 2001 в Hasanović, 2009: 137). Ямник (Jamnik 2008 в Hasanović, 2009: 138) в ходе изучения свойств школы как образовательной организации, в качестве важных выделил следующие роли директора школы как менеджера: директор школы как провидец, директор школы как зачинщик (преодолеватель) перемен, директор школы как тренер, ментор, дистрибьютор похвал, призов, наказаний, но и как собеседник, директор школы как инициатор и стимулятор групповых эмоций, директор школы как создатель удобной обстановки.

Управление процессом образования и обучения в школе является базовой ролью директора школы как педагогического лидера. Ресман (Resman 2004: 9) отмечает, что давление родителей, педагогической и другой общественности, инициированное культурой высоких стандартов обучения, снова активизировали важность педагогического управления в школе. Эрчуль (Erčulj 2001 в Hasanović, 2009: 139) в контексте выполнения роли директора как педагогического лидера, особо акцентирует его желательный образ поведения в школе: "Директор должен понять культуру организации, ценности, традицию, убеждения и суждения членов организации, подчиненных он должен уважать и поощрять их профессиональное совершенствование и развитие, свои ценности он должен выражать и словом и делом, что значит, что он должен стать образцом для своих подчиненных, директор школы должен подстрекать сотрудничество, а не состязание, он должен указать путь, а не готовые решения, и вместе со своим персоналом искать и принимать лучшие решения." Побуждение креативности сотрудников в работе посредством создания благоприятной обстановки для процессов учения и преподавания, несомненно повлияет на лучшее выполнение роли директора как педагогического лидера, так же как и на укрепление сплоченности подчиненных в осуществлении общего видения и стратегических целей развития школы.

### **Предпосылки для успешного управления школой**

В эмпирическом исследовании компетенций директоров средних специальных школ в Боснии и Герцеговине, в период с 2005 по 2008 год (EU VET II, EU VET III, ТК), Хасанович (Hasanović 2009: 153-154) установил, что в модели "Топ 10" компетенций директоров школ и менеджерские, и компетенции педагогического лидера. Сопоставительным анализом результатов исследования компетенций директоров средних специальных школ в Боснии и Герцеговине можно прийти к следующему выводу: В самом раннем исследовании (2005) в качестве самых главных, самых многочисленных и самых приоритетных по рангу выделяются менеджерские компетенции управления. В более поздних исследованиях все больше, по численности и рангу, преобладают компетенции директора школы как педагогического лидера (2006). Хотя компетенции директора школы как педагогического лидера становятся все более важными, все еще в



значительной степени присутствуют менеджерские компетенции (2008). Анализ компетенций по модели "Топ 10" позволяет нам заключить, что и менеджерские компетенции и компетенции педагогического управления являются существенной потребностью директоров средних школ в переходном периоде образовательной системы в Боснии и Герцеговине. Хотя большинство их согласуется с стандартами управления для директоров школ в государствах ЕС, они все-таки в определенной степени отражают и отличительные черты отечественной образовательной системы, в которой школы и преподаватели недоплачены и в которой повседневно встречаются с экзистенциальными проблемами. В этом контексте автор предложил рамочную программу профессиональной подготовки и совершенствования директоров средних специальных школ в Боснии и Герцеговине, как отправной пункт профессионализации их службы (Hasanović, 2009: 154-161). Управление школой требует "ощущения ситуации" и "приспособления стиля" и одинаково успешное применение как менеджерских, так и компетенций лидера в процессе приспособления школ к переменам в окружении.

## **ВМЕСТО ЗАКЛЮЧЕНИЯ**

Роль директора школы, в процессе управления, очень требовательна и сложна, и подразумевает обладание значительным набором компетенций эффективного менеджера, но и творческого лидера, в приспособлении школ к коренным переменам системы образования. В качестве самого главного, надо отметить следующее:

- У директоров школ должен быть оптимум менеджерских генерических компетенций, для того чтобы школы эффективно выполняли все намеченные задачи в рамках предписанных образовательными властями полномочий,
- Обладая оптимальным набором генерических компетенций лидера, директора школ способны проактивно действовать и совокупные человеческие и материальные потенциалы организовать в целях поиска ответов на вызовы в нестабильном окружении, обеспечивая постоянную конкурентоспособность школы на рынке образовательных услуг,
- В качестве педагогического лидера, директор школы должен обеспечить условия для непрерывного обучения, как на уровне индивидов, так и на уровне команд, но и всей школы в целом. Процесс учения и преподавания должен согласовываться с стратегией обучения в течение всей жизни (Life Long Learning), так же как и обществу развивающегося знания, как парадигме общественной функции образования в будущем,
- Генерические компетенции менеджера и лидера можно выработать только в процессе непрерывного профессионального совершенствования и развития директора школы. Сознания в области теории образовательного менеджмента управления должны быть облагорожены постоянным наблюдением практики управления директора в условиях приспособления школ переменам в обществе, Профессионализация службы директора –



один из лучших способов преодоления дуализма в исполнении роли директора как менеджера и (или) педагогического лидера. Компетенционным моделированием их профессионального совершенствования и развития, по программе школы для директоров, на долгое время обеспечивается качество их работы, а лицензирование их службы стало бы вершиной их профессионализации.

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## MODERN MANAGING METHODS IN EDUCATION

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### **Abstract:**

*Managing schools in an unstable environment is extremely complex and demanding task. Modern ways of managing function of adjusting school to changes should answer many important questions. The most important task of managing is mobilization of overall human resources in the function of realization of the vision, mission, and strategic goals of schools. After examining the empirical researches of experts in the field of educational leadership, modern methods of leadership are to some extent present in the practice of managing schools in Bosnia and Herzegovina. The research results are an incentive to devote particular interest to this problem and to pay more attention and systemic framework in the education system. From the point of contextual framework, the actual practice of managing should explore all the possibilities and advantages of modern methods of managing quality profiling of educational institutions in terms of education globalization.*

### **Keywords:**

*leadership, managing models, managing styles, the modern ways of managing, contextual managing*

## INTRODUCTION

Modern business environment puts us a number of challenges: globalization and global competitiveness, the transition from an industrial to an era of global economy, new technologies and electronic commerce; transformation of traditional organizations, social responsibility, ethics and diversity, new technologies of mass customization to users and so on. (Hasanovic, 2009). Organizations in the future will require greater self-discipline of leadership and individual employee's responsibility. Management support staff in the knowledge era is reflected in reorienting the approach from the leadership of ordering, the observation in motivating employees, and the supervision to trust (Dimovski, 2003 at Hasanovic, 2009). More



is not at all a question of expediency and necessity of accepting changes, but the most optimal strategies to introduce changes to an unstable environment (Agic, 2009). Responding to changes is a condition of survival of any organization, and the positive aspects of change must be accepted and incorporated into the vision of the organization. Educational strategies in the 21<sup>st</sup> century require innovative and proactive leadership that is able to adapt to rapid changes in organizational behavior in the environment, and to include associates with the authentic needs complementary strategic goals of development organization in the processes of managing. Polycentricism educational system in BiH largely slowed down the reform of education in general. Modern concepts of leadership should strongly contribute to adaptation to radical changes in the school environment, and strengthen their competitiveness in the global market of educational services (Hasanovic, 2009).

## **THEORETICAL CONSIDERATION**

In theory of managing, it is hard to find a uniform and generally accepted definition of a good leader and optimal leadership in terms of intensive changes in the environment. In the classification of managing theories, the authors are guided by different arguments. Thus, Doyle cites "key generation" theory: 1. Theories on properties, 2. Theories of behavior, 3. Theories on possibilities, 4. Theories on transformations (Doyle, 2005; Hasanovic, 2009). The largest number of authors reports a similar distribution, while others speak of classical and contemporary styles and theories of leadership. The literature speaks of the conduct, levels of leadership, leadership models, and approaches to leadership, leadership systems, and styles of leadership, leadership concepts, and the like. (Adzic, 2005; Mozina, 1994, 2002; Robbins, 1995; Doyle, 2005; Bush, 2003 Hasanovic, 2009). From the aspect of leadership in education i.e. school leadership there are different and divided opinions on the definition of contemporary models and leadership styles of educational institutions and schools, and efforts are being made for unification theorists conceptual and Terminology for the theory of educational leadership and leadership (Staničić, 2007; Hasanovic, 2009).

## **MODERN MANAGEMENT METHOD IN EDUCATION**

Roncelli (2003: 33-34) in the modern ways of managing in education include moral leadership, pedagogical guidance, situational leadership, participatory leadership, transaction leadership and transformational leadership. Basic features of individual ways of managing are reflected in following:

a) **Pedagogical guidance (instructional leadership)** focuses on the achievement of learning



outcomes, i.e. through the influence of directors on the process of teaching and learning in school;

b) **Moral (ethical) managing** aimed at the values, so the role of the principal comes down to resolving the conflict of values and value evaluation process of educational work;

c) **Participatory (collaborative) leadership** is focused on engaging employees in decision-making and strengthening the ability of the organization toward changes in the environment;

d) **Contingency (situational) leadership** is focused on the situational needs of the organization and the leader appears as an expert in solving problems, demands and wishes of staff, which allows a better response to changes in the environment;

e) **Managerial (transactional) leadership** emphasizes a rational approach to leadership in solving work tasks and motivation of employees through a specific form of social exchange: "If you do this and that... you'll get this and that..." It is quite effective in achieving the formal goals of the organization. Transaction leadership is a method of leadership where the leader based on situational reward, and active or passive leadership biases affect the desired behavior of employees (Bass, 1985).

f) **Transformational leadership** is directed at a greater motivation, satisfaction, and delight of staff in carrying out tasks, which affect the opportunities of the organization, its development, and creation of a polyvalent approach to challenges from the environment.

Transformational leadership refers to the way of leadership in which leader has charisma, encourages intellectual stimulation, individualize judgments and stronger internal motivation within followers (Silins, 1994).

## CONTEXTUAL MANAGEMENT OF EDUCATIONAL INSTITUTIONS

In the contemporary theory of leadership in education, more and more are elaborated so-called new theories of managing. Thus, the authors in the context of managing education institutions in particular highlight the following new theory (Erculj, 2003): Managing learning, distributed managing, constructivist managing, teacher's managing, LMX managing (exchange theory), cultural leadership, managing with influencing, long-term managing, ethical managing, authentic managing, super-managing, etc.

**Teacher's leadership:** Teachers with their place and role in the educational process, take up the position of formal managers. Through various forms of motivation, and with additional prize money they usually take on additional roles in accounting and the tasks that are characteristic of formal organizational structure. All teachers in this context would have to have the opportunity



to develop their expertise with the performance of mentoring roles, and performing managerial tasks through participation in various committees, expert groups, teams and the like. Teacher's leadership in essence boils down to developing the quality of the whole process of learning and teaching. The point is to improve the learning process, and is based on the principles of technical cooperation, professional growth, and development. Teachers are not only managers in the classroom but also outside them, and significantly contribute to the professional community of teachers, to improve the mutual interaction of the practice of educational work. Teacher's conduct is especially reflected through the maintenance of other teachers in the mentoring process and managing working groups, managing development projects that are important in improving teaching and learning, leadership of educational development, and design of effective forms of teaching and learning. Teachers must learn from mistakes, and are actively working with other teachers and students to eliminate them.

**Constructivist leadership** is leadership realized by managing director and employees exercise and shape the common values of the school. Erculj (2003: 10) closely relate constructivist leadership to organizational culture, and the leader and subordinates shaping them, so that together shape the values and commitment to the organization. In building a common culture of the school, they closely cooperate in realization of leadership functions, and directly through participation in making important decisions for the functioning of schools.

Constructivist leadership includes:

1. Reciprocity, which means that a member of the organization encourages learning of others and is responsible for it, and expects that others take responsibility for their learning,
2. That leadership is viewed as a process between principals and teachers, so for its optimum performance their relationships are essential. Leadership is a construct of previous experience, which is shaped in a reciprocal learning together, through the realization of common purposes for which it was created and shared learning, i.e. leadership.

Important characteristics of schools with constructivist way of managing are "deep respect for the ability of individuals and their differences, the belief that everyone learn easy and that everyone are leaders, a stance that all teachers are leaders, especially educational leaders, the belief that all successful students are successful as leaders, the belief that the delegation of responsibilities and powers of the principal to teachers is strengthened the power of teachers, the view that changing is the process of mutual learning, a firm belief that improving of the school is possible, the conviction that the love for students in the process of learning change their views on life too, and develops their awareness of the natural essence accepting the obligations of lifelong learning" (Hasanovic, 2009).



**Leadership for learning**, as the school managing is not stamped down to the finish, but it is a journey with many bends, blind alleys, and holes on the road. These are challenges that involve continuous learning and the search for creative solutions to the problems arisen repeatedly in an environment that is constantly changing.

Managing learning involves students learning, teacher learning, organizational learning, network learning, and learning director. Approach to learning on a personal level includes renewal of knowledge, recognition, and repetition, while at the professional level prefers reading, writing, transformation, connection, reflection, evaluation, tracking and encouraging learning in others. Hopkins (1994 in Hasanovic, 2009: 95) has defined leadership role in the leadership of learning in three points, and is considered one of the models of educational leadership. These three categories were shaping mission schools, the leadership of educational process, encouraging of a positive school climate.

Managing staff and concern for their personal and professional development are certainly important condition for encouraging learning rather than demonstration classes of teachers.

**New Leadership:** Many scholars from the fields of management and leadership, modern leadership methods, attempted to explain the context of the changing roles of followers and leaders in the process of leadership. In the literature, in the context of explaining the term of new leadership often uses synonyms or additional terms.

Thus, the authors speak of homing, the empowerment (empowerment) and the independence of employees, and the shared leadership (Hasanovic, 2009: 96-98). Manz (1991 in Hasanovic, 2009: 97)) considers that new leadership in fact is the process of managing where followers slowly but surely take over the prerogatives of the leaders, and they are helped to develop their own knowledge, skills and abilities that are characteristics of a leader. Pearce (2004 Hasanovic, 2009: 97) believes that the organization is extremely important to build a culture of shared leadership that would deliberately encouraged, supported and strengthened the development process of homing, and team members provide the necessary training programs for team work and learning. As the most optimal strategies to inculcate homing in organizations, Manz (1991 Hasanovic, 2009: 97) states that, "self-observation, self-determination goals, self-awarding, constructive self-criticism, self-forming the tasks whose successful performance awards itself, the establishment of positive thinking, where the challenges seen as opportunities, not obstacles." The principles of subsidiarity and deserved authority are the basic principles of shared leadership and assume that power is absent in the formal position, but the proven competence and merit of employees.

**Authentic Leadership:** A modern leadership theorists are increasingly writing about the so-called authentic leadership as a model of organizations of present and future times. Avolio (2004 Hasanovic, 2009: 98) believes that the goal of authentic leadership is to restore and establish a basic trust, hope, optimism, skills, the importance, and significance in the work of



employees in the context of realization of the concept of learning organization as a form of positive organizational identity. Penger (2006 Hasanovic, 2009: 98) believes that to understand the concept of "authentic leadership" is a key argument that in fact authentic and genuine guidance require a higher level of self-awareness of leaders and their associates. Authentic activity is a fundamental construct that enriches transformational and ethical conduct as the modern ways of managing organizations. Authentic leaders therefore must build its authority and integrity on a scale of trust and act effectively in accordance with the proclaimed and stated values.

## **OTHER CONTEMPORARY THEORIES OF LEADERSHIP IN EDUCATION**

In the literature, it is possible to find many approaches in defining the modern leadership theory to be applied in managing educational organizations.

**LMX (Leader-Member-Exchange) theory or theories of exchange** mentioned in the works of many contemporary management and modern leadership theorists (McKenna, 2006; Bass, 2000, Peterlin, 2007; Erčulj, 2003 et al.; Hasanovic, 2009). Bass (2000 Hasanovic, 2009: 99) considers that the theory of trade is more than other theories of leadership, focused on building a relationship between leaders and followers, as the leader focuses on each employee individually. According to this theory of leadership, says McKenna (2006 Hasanovic, 2009: 99), subordinates are divided into two groups: group "in" and to "out". Group "in" the organization representing those employees for which the leader believed to be competent, which is fully trusted, and motivates them to work independently and take responsibility. These employees have all the conditions for creative work, and all the necessary resources for training and professional development. They quickly accept leading positions and responsibilities and work without supervision and rigid control. Members of the group "out", because of their incompetence, do not enjoy the trust of leaders and their work is subject to constant control and supervision.

**Cultural leadership** as the one of modern methods of leadership is in fact managing focused on creating an organizational culture of change in which creative human potential fully release. Shein (1992 Roncelli, 2003) as one of the foremost proponents of cultural leadership believes that leadership and organizational culture are two sides of the same coin and the key role of each leader is shaping the value systems of the organization.

**Leadership with influencing** as a contemporary leadership theory is based on the assumption that organizational goals are easy to reach if the employees are satisfied. Erčulj (2003: 10) points out that leaders must be sensitive towards associates, to be familiar with microenvironment in which they work, and respect their values and beliefs.



**Inspirational leadership** once appeared as an independent theory of leadership (Sadler, 1997 Hasanovic, 2009: 100), and sometimes as an integral component of modern theories of leadership. Bass (1985 Hasanovic, 2009: 100) believes that through inspirational leadership a leader stimulates enthusiasm among employees for teamwork and decision-making, thereby strengthening their confidence in their own abilities and potential. Regardless of the explication and use some of the theories in practice of managing organizations in education, leaders are considered successful in present, and in future will be more appreciated (Peterlin, 2007 Hasanovic, 2009: 100): "What they have achieved, not what they wanted, expertise and competence, not by the title and position, support and encouragement, not controlling, shaping reflective orientation of employees, rather than setting goals".

## STUDY OF MODERN MANAGING METHODS IN EDUCATION IN BIH

The presence of modern ways of managing secondary schools in Bosnia and Herzegovina will be seen primarily from the perspective of the research results presented in scientific papers published in the last six years. From 2004 to 2010, a number of empirical studies the presence of modern ways of managing in Bosnia and Herzegovina were made, which the author presented in his doctoral dissertation (Hasanovic, 2009: 46-89, 162-253).

**Transformational Leadership:** On the concept of transactional, transformational, and liberal leadership have been published by Hasanovic, H. (2004, 2005, 2006, 2007, 2008, 2009), Kurevic, J. (2006), Bajric, A. (2006), Isakovic, Z. (2004, 2007). Transformation method of managing high schools in the Tuzla canton (Hasanovic, 2007) and Bosnia and Herzegovina (Hasanovic, 2009), according to results of surveys is on the crossing between middle and high level of involving in daily practice of managing within the secondary schools principals. School principals already feel as transformational leaders, as the survey results showed attracted employees for achieving of a shared vision and strategic goals of schools. Education of secondary schools principals in the area of educational leadership has significantly contributed to improving the methods of transformational leadership in secondary schools in Bosnia and Herzegovina. Transformation method of managing in primary schools of a municipality in Tuzla Canton, according to a survey (Isakovic, 2007) is averagely developed, and the principals of these schools have had special training in the field of educational management.

**Transaction leadership:** Transaction management style (Hasanovic (2007, 2009), according to researchers, is a averagely developed, and as such it is involved in everyday practice of managing secondary schools in BiH. The mean value of transactional leadership style leads us to the fact that all secondary schools already stepped into the process of change, and that school principals can no longer keep it under control "stable, obedient, and non-creative" majority of employees. Special program for education of principals in the field of educational leadership has contributed to significant strengthening of the transaction way of managing secondary schools in Bosnia and Herzegovina, as this is the case with transformational leadership (Hasanovic, 2009).



**Situational Leadership:** The concept of situational leadership has been published by Avdic, A. (2004, 2005, 2006, 2008); Huseinagic E. (2009). Situational leadership in BiH, through the prism of research by Hersey - Blanchard's model (Avdic, 2006, Huseinagic, 2009); showed a medium level of development within elementary and secondary schools principals. Most present school managing styles (S2 and S3) are aligned against the capabilities and maturity of the followers. Due to underdeveloped so-called "wider professionalism" of teachers, did not come close to high (S4) style of leadership - delegation, which due to the high level of maturity of followers is characterized by low orientation of the principals - the leaders and according to tasks and relations (Avdic, 2006).

**Participatory leadership:** The concept of participatory leadership have been published by Jahic, M. (2004, 2005, 2006, 2008), Isakovic, Z. (2005, 2006), Agic, H. (2004, 2005, 2006, 2008), Pozderovic, E. (2005, 2006), Avdic, A. (2005, 2006). Participatory leadership, through the prism of the level of the delegation of tasks and duties of the of secondary schools principals to employees (Jahic, 2006), based on survey research in the Tuzla Canton, is averagely developed. The degree of delegation of tasks and gender ranged from 40% to 93.50%. At high level tasks and duties of so-called "pedagogical character" are delegated, and at low or medium so-called "managerial tasks and duties." The survey failed to get an answer to the essential understanding of the meaning of delegation for all categories of respondents, i.e. whether the transfer of "jurisdiction and powers of the principal to the associates" understood as a process of democratization of leadership or as a form of subtle control of assistants (Jahic, 2006).

**Moral (ethical) managing:** This is the concept of moral (ethical) managing that have been published by Bajric, A. (2006), Jahic, M. (2005, 2006). Works of these authors are more theoretically oriented, and there is no concrete information on the ethical management of the principals. There is no data on decisions made by the principals that did not meet ethical dimension, nor information on the mechanism of its suspension to application.

**Pedagogical managing:** Many wrote on modern concept of pedagogical managing, among them are Halilovic, H. (2006, 2008), Agic, H. (2006, 2008), Huseinagic, E. (2005, 2006), Avdic, A. (2005, 2006), Jorgic, D. (2005, 2006), Bogojevic, S. (2005, 2006) Hasanovic, H. (2007). Pedagogical managing, through the aspect of so-called "wider professionalism" of teachers (Avdic, 2007, Hasanovic, 2007), based on research in the Tuzla Canton is averagely developed. From the point of "The new paradigm" in the construction of quality schools, slight qualitative shift in favor of building "wider professionalism" was made, but on the whole, this aspect of educational leadership is still at the upper limit of "limited professionalism" of teachers.

**Managing for changes:** The modern concept of managing changes have been published by Agic, H. (2004, 2005, 2006, 2007, 2008, 2009), Pozderovic, E. (2004, 2005, 2006), Hasanovic, H. (2004, 2008). Managing for changes, through the prism of the qualitative research paradigm, based on case studies in two schools (Pozderović, 2006) of Tuzla Canton, is very complex and complicated for any value judgments. At the level of individual school, management for



changes averagely or even highly developed, because it is planned and coordinated by the principals and management teams in schools, which are in the process of introducing changes included nearly all employees. Due to poor flow of information in the education system and disharmonization of all educational institutions in the Tuzla Canton, from the system level, it can be a very low level of "institutionalization of changes" (Agic, 2009). Education authorities, because of their institutional incapacity and bureaucratic inertia, are unable to follow qualitative changes in a variety of educational organizations in the educational system of Tuzla Canton.

## **RESUME**

The globalization of education on a larger scale requires radical changes in the educational system in Bosnia and Herzegovina as a whole, including the segment of running educational institutions. Therefore, school principals in Bosnia and Herzegovina are now facing the great challenge of accepting change, i.e. they must find quick and efficient answers to questions and problems in educational practice. From the aspect of successful managing training organizations, following questions impose:

How to find the optimal model of managing schools in changes in an unstable and ill-defined environment? How to achieve the largest positive experiences of educational practice, institutionalized for the benefit of the whole education in the decentralized, polycentric education system? In what way it is possible to include the optimum creative potentials of employees in the creation of these changes.

Based on the presented research results we can conclude that in the schools in BiH, to some extent, almost all modern managing methods are present. Only those principals, who have completed training in educational management and leadership, can properly develop the creative potential of their employees. Through continuous training and professional development of both, school principals and all employees, and through teamwork and learning, can only be effectively strengthen the competitive ability of schools on the global market of educational services.



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## REACHING COMPETITIVE ADVANTAGE RAISING DELIVERED VALUE

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### **Abstract:**

*Sustainable competitive advantages reach organizations that are able to raise the performance of organization in relation to competition, to apply new technologies, to exploit alternative and recycled materials. The aim and significance of this work is raising awareness about the positive effects of the process of recycling and exploitation of recycled materials. Managers in the Republic of Serbia simply must become aware that the process of recycling comes provides raw materials with significant energy savings required for the production process and carrying out activities to create a positive image. Successful implementation of innovations in all areas of business with a focus on profitability growth and creating added value for consumers to improve environmental protection only guarantee achieving competitive advantage and sustainable development of modern organizations.*

### **Keywords:**

*competition, competitive advantage, delivered value, recycling, environmental protection*

## COMPETITION AND COMPETITIVE ADVANTAGE

The concept of competitiveness, in the broadest term, is sustainable growth in productivity that affects both the macro and micro economic environment. Further speaking, the level of competition is determined by the degree of productivity, i.e. by measure of the ability to produce goods and services using its own human, financial, and natural resources. Root competition is in the nature of the environment in which organizations operate. The procedure for establishing competitive advantages include the following stages: identification of key success factors in a particular industry in order to concentrate on the business factors of the area where the company sees an opportunity to achieve lasting competitive advantage over its competitors; exploitation areas in which the company has relative superiority; change of the critical success factors influencing the accepted assumptions about the ways in which business



is done in a particular industry or in a particular market, opening new markets or developing new products. The purpose is to maintain a competitive advantage in which a firm has a relative advantage to the competitors trying hard to follow and improve [1]. These four stages stimulate the constant pressure to innovate.

More closely, the competitiveness is a set of factors and conditions that enable and encourage a successful exchange and investments. These include the country's ability to export, its success in the exploitation of natural, material, and human resources in the production process and market presence, living standards, but also international treaties and agreements and membership in various international organizations. In addition to the above statement, it is necessary to focus on the competitiveness of businesses, since the competitiveness of the economic agents is the ability to successfully engage in international processes. So it could be determined that successful economic entities, i.e. profitable organization, is basic and a necessary precondition for international competitiveness, but is not necessarily sufficient, unless supported by appropriate measures of economic, fiscal, and monetary policy [2].

## **INNOVATIONS AND COMPETITIVE ADVANTAGE**

### **Definition of innovation**

In the broadest sense, innovations are the development and practical application of new, creative ideas. Ideas, in themselves, have little value unless they are converted into new products, services, or processes. That is why the following definition is stated [3]: Innovation is a sum of theoretical concepts, technical inventions and commercial exploitation. In common issue on innovation, OECD and Eurostat have presented a new approach to innovations. According to them, innovations aren't encompassed only in the process of production, but innovations in marketing and organization. This approach has caused the emergence of the current definition of innovation as follows: Innovation is the application of new or significantly improved products, services, processes, new marketing methods, or new organizational method in business practices in the internal or external business organizations. All of the above applies to products, processes, methods that the organization first developed or adapted and adopted by other organizations [4].

## **THE RELATIONSHIP OF INNOVATION AND COMPETITIVE ADVANTAGE**

Unrelated to the degree of technological sophistication, competitiveness has become imperative for survival and prosperity and to maintain a competitive edge is the common denominator for all the organizations around the world. In order to maintain competitive advantage is a huge need for innovation and the introduction of a wide range of innovations. In defining and interpretation of the notion of innovation in our region, there is a misunderstanding. Simply



said, innovation means change and ability to handle over time. The next thing you can think of is that innovation is only inventions, something closely related to intellectual property, where the team usually means that it must necessarily be patent. However, innovation is more than scientific discovery, because there are no low-technology industries, only low-technology organizations. Another dilemma that needs to be resolved relates to finding answers to the following question: Is there something that is new for the firm, region or even in Serbia that can be innovation? The answer is yes. Innovation involves the successful exploitation of new ideas: its own or others' designed in our own workshop or mapped from other areas.

It is necessary to take care of that it is not desirable to transfer innovation. It must be taken into account that it is applicable for ambient conditions in which it is created and whether the transfer of innovations do not infringe someone's rights, for example, right on patent or copyright. New ideas may include and be related to a new or improved product or service, but also the manner in which the product or service is delivered. Organizations that consider themselves to be an innovative attempt to achieve their competitive advantage by constant improvement of its products, processes and services, as well as organizations, methods and structures.

Innovations are challenge for each area of business, especially for those who are exposed to international competition in domestic and export markets. To maintain competitive advantage has become a common denominator for all companies around the world, and regardless of the level of technological sophistication, it is imperative for survival and prosperity. If you are responded positively to more than 30% of the offered forms of innovative activity you might make in the organization, consider that you are an innovative company. [5]. Since the beginning, many organizations invest in research and development (R & D). These investments are allowed to create new product and to stand out and become leading organizations in their sectors. Such expenditures were providing results to large organizations, thanks to the law to protect intellectual property rights of any organization. In today's economy, the tendency is to increase investment in intangible funds.

## **THE RELATIONSHIP ON INNOVATIONS AND DELIVERED (VALUE ADDED) FOR CONSUMER**

Readiness of organizations that in a short interval apply new technologies and bring them to their capabilities then incorporated them into new products or services, or the successful implementation of innovations, increase the chances of survival in market. Innovation relates to products and services, and the process that includes gathering and processing ideas, up to their implementation. Innovation process represents a series of radical and incremental innovations aimed at improving the value delivered to consumers, raising the performance of organizations, and maximizing sustainable competitive advantage. For this reason, entrepreneurship and innovation is seen as the systematic pursuit of changes and their use in the direction of



achieving greater value delivered to consumers [6]. Delivered (obtained) value for consumers is the difference between the total value (the value of products, the value of services, self-concept, the value of the image), and total costs for consumers (a cash outflow, spent time, efforts, psychological effort). Maximizing of delivered value, i.e. the need to overcome and achieve customer loyalty, is indeed a major factor of long-term success. This is the main reason why the organization its competitive advantage based on their readiness to provide additional value for consumers and achieving the highest possible degree of loyalty. In support of these claims following definition of competitive advantage are, "Organizational capability that enables an organization to create much more value for consumers in relation to its competitors, i.e. set of factors that distinguish the organization from its competitors and that give it its unique position on the [7 ]. To differentiate from the competition and achieve the competitive advantage of organizations, largely depends on the ability of organizations to successfully implement innovations.

### **THE ASSESSMENT OF INNOVATION CAPABILITIES**

Managerial activities in the field of new technologies and innovation require knowledge of the potential innovation organizations, but barriers of innovation process too. To assist the manager in the process, a framework of actions to assess innovation capabilities is developed. It should facilitate the assessment of existing innovative capabilities and profile plan for the future. Innovation capability consists of a wide set of organizational characteristics that enable and support innovation strategy. Innovation capability exists at the business unit and corporate level. At the level of business units, the assessment of innovation capability should identify critical variables that affect the innovation strategy, which at that level, taking into account new products and services and new product distribution system, has the following characteristics: technology leadership, innovation volume, and innovation rate [8]. The basis of corporate management is to identify and exploit synergy effects in its business activities, because of which assessing innovation capabilities of corporation has extra dimensions in relation to the business unit. It is necessary to determine the extent to which innovation capabilities of corporations increase innovation capabilities of business units, i.e. whether and how corporate innovation capabilities are greater than the sum of innovation capabilities of business units. Corporative level of innovation capabilities is characterized by the volume and rate of development of new products, volume, and rate of development of new business activities based on corporate and technological development and the time of entering the market. Technological changes are one of the key forces that affect the competitive advantages to which are very hard to respond in a timely and satisfactory manner. The integration of technology and strategy is a dynamic process that requires understanding the dynamics of the life cycle of different technologies that are engaged in business activities in organizations.



## RECYCLING PROCESS IN THE FUNCTION OF REACHING COMPETITIVE ADVANTAGE

### The recycling process - basic concepts

Recycling is the process reproduction of already used material for its further use in the same or similar purposes. It is accompanied by the collection, separation, processing, and manufacture of new products from exploited items or materials [9]. From the standpoint of re-operation, the materials can be: recyclable - materials that can be used again by returning to the production process, which includes paper, plastic, metal, cables and non-recyclable materials - materials that cannot be returned to manufacturing process in Serbia and they must be stored in an environmentally safe manner or are used for energy. The recycling process is minimizing the use of natural resources, reduces the total amount and level of hazardous waste characteristics. A need for recycling is applied to prevent or minimize the land filling. Disposal is the unacceptable solution for the environment and a large amount of resources is lost in this way. Striving of the EU for even greater introduction of recycling is in line with the hierarchy of waste management, whose implementation is a long process on the one hand, and the other, it is a way towards the next [10]: Reducing the use of limited natural resources, reducing the waste to be disposed of in landfills; achievement of economic profit, provision of secondary raw materials, energy savings; reducing manufacturing costs, job creation, and environmental protection. For example, today in the EU a 50% paper and 45% of glass is produced from recycled materials. In the Republic of Serbia this market, unfortunately, is undeveloped and is based on individual initiatives and collection activities of private organizations [10]. Under present conditions, the capacities for recycling are not represented organized. In the database of the Agency for recycling (repealed by law of 2009), total 301 companies for collecting recyclable materials were registered.

These companies are mainly engaged in the collection and trading of industrial raw materials. The largest number of registered businesses is in Belgrade 76, followed by Moravicki and Nis district with 29 economic entities [10]. Recycling is as important in the field of industrial waste, since extremely important technical, ecological, and economic effects are gained. Recycling industry needs to be developed because it brings economic benefits, and on the other hand, the ecological imperative from the standpoint of their efficiency, and above all, the new legislation is an obligation for individuals, industry, etc. For the recycling process a number of materials such as glass, paper, cardboard, aluminum, iron, plastics, ceramics, etc. can be used.

To illustrate the importance of the recycling process and its economic viability in terms of organization the following positive examples are cited [11]: **Recycling of paper** - processing of waste paper, it is spent 60% less energy than if the product is received from natural materials (wood). The data show that by recycling one ton of office paper we save 17 trees, we save 4,200 kW of electricity and 32,000 gallons of water. **Recycling of glass** - Glass is a material



which is made by processing sand, which melts at very high temperatures. In this process a large amounts of energy consume and release a large amounts of greenhouse gases. If we recycle glass, it would reduce the exploitation of riverbeds, air pollution, and energy consumption. Recycling one bottle, we save enough energy so the 100W light bulb can light up four hours.

If in the world 28 billion of bottles and jars are thrown away per year, imagine how much electricity we would be able to save. The advantage of glass is that it can be endlessly recycled. **Recycling of plastic** – plastic is a material derived from petroleum. At the present rate of exploitation, it is estimated that oil reserves in the world will disappear for 35 years, while degradation of plastic lasts from 100 to 1,000 years. **Recycling of metal** – are metals such as aluminum, steel, copper fall into non-renewable natural resources. Most metals can be recycled. For example, cans are mostly made of aluminum. Producing new aluminum from old saves up to 95% energy. **Recycling of electronic and electrical waste** - electronic and electrical (EE) waste falls into the category of hazardous waste. In fact, many electricity products contain chemical elements such as mercury, lead, cadmium, beryllium, and if improperly thrown away or disposed of in municipal landfill, evaporation into the air cause long-term environmental degradation and may induce disease of liver, kidney, brain, or cancer. When dismantling the computer into its constituent components, mass proportion of recyclable components ranges from 70% to 80%. The recyclable part contains about 4% of plastic and metal parts with 96% of the mass [12].

## RECYCLING AND COMPETITIVE ADVANTAGE

In today's environment, corporate strategic processes need to be directly aimed at the various changes to create economic added value delivered to customers and maintain competitive advantage achieved through the successful mobilization and reallocation of corporate resources. The logic of the organization had to be maintained at all times, which brings us to the importance of recycling processes in any organization. Recycling sector achieve a turnover of 160 billion U.S. dollars annually and employs more than 1.5 million people worldwide. Every year on the world market is recycled and traded with more than 600 million tons of waste paper, plastic, ferrous and non-ferrous metals, textiles, rubber, glass and electronic waste, it was stressed at the seminar "Business opportunities in the recycling sector", held in the Chamber of Commerce of Serbia. According to data of Serbian Association of Recycling, more than 200,000 tons of various plastic materials was thrown in the last year in Serbia, only 37 of new jobs was opened in the sector and recycled about five percent of the collected plastic packaging waste [13].

**With the process of recycling organizations achieve multiple benefits and achieve the following objectives:** Recycled materials are equally of high quality but cheaper raw material resources in relation to primary resources, and reducing production costs and cost of doing



business; recycling process reduces the energy required for carrying out its activities, namely realized the saving of energy required to perform the primary process, as well as savings in transport and the processes that follow, and is provided with additional energy by burning materials that are not recycled, in some cases, recycled materials can be offered in the market of secondary raw materials which have a positive impact on growth profit organizations.

Possibility of obtaining grants for the development of environmental protection, given by the EU and the government from its own sources, i.e. special budget allocations, uses of recycled materials a positive public image and organizations become socially responsible, as any positive impact on creating customer loyalty is reached. The recycling process in many cases require knowledge and extensive work by having a positive effect on employment growth and positive influence to strengthen the competitive advantage of organizations, using recycled materials organizations are able to produce the same quality on the market at lower prices, while preserving the environment and are able to achieve competitive advantage by offering customers "more" for "lesser" and more delivered value at lower prices and costs for consumers. An additional benefit that should organizations in Serbia could achieve by recycling process, consisting of opportunities for applying and receiving grants from the EU budget. The European Commission has launched a competition for financing eco-innovation projects. Public invitation was open to 7 September 2010, and there were a total of 35 million euros for funding 40 projects. Since last year, the right to apply has businessmen from the Republic of Serbia. Projects that bring innovations have positive impact on the environment, and market values were funded. Priority was given to recycling of materials, food, and beverage industry, "green" business, and sustainable building [14]. A number of organizations in the EU, in addition to legally required protective measures that are specified by Lisbon treaty on corporate social and environmental responsibility, run a number of additional environmental programs that have an ethical and economic background. The Lisbon Treaty just shows the commitment of European legislation for constant and progressive improvement of standards of environmental protection and improvement of environmental quality [15]. Managers in the Republic of Serbia must become aware that the area is of great importance for EU accession and achieving long-term competitive advantage.

## **RESUME**

The main objective of this paper is to raise awareness of managers in the Republic of Serbia on ways to achieve competitive advantages and the importance of sustainable development. Namely, the Republic of Serbia, or any profitable organization that operates in this area should be a competitive position, according to Prof Wells, lecturer at Harvard University, which is based on three grounds. The first is the basis of direct foreign investment. The above type of investment and building competitive advantage is cost effective in the short term. In this case, the previous practice of management remains the same, and the only novelty is the inflow of



funds. The second basis of improving the competitive position is adopting a completely new technology.

This aspect refers to the adoption and implementation of foreign knowledge and experience. By prof. Wells, a long-term way of building a competitive position as the management practices and improved to cope with the new sophisticated technology. The third and most important basis for achieving competitive position is the development of partnerships and encouraging greater presence of foreign organizations in the Republic of Serbia. In this way, in addition to direct foreign investment and new technology, implementing of new knowledge and know-how. On the aforementioned method, the best examples of global business practices from which managers should learn the local area and in a profitable way to improve operations of their organizations would be transferred to Serbia.

One of the areas about which managers simply have more to think in order to transfer knowledge is precisely the area of recycling. This area provides many benefits and an opportunity to strengthen the competitive position especially in the EU territory that Lisbon treaty on corporate social and environmental responsibilities dramatically raised standards on environmental protection. For this reason, to find a way greater transfer of knowledge and new technologies in our country simply has become imperative of both, the ruling structure and each organization separately. In favor of these statements referred reports that indicate that there are opportunities to improve waste management and recycling in the private sector. However, there are many competing forces with long-term impact on the way of managing waste in Serbia. Currently, 97% of waste in Serbia is situated in the dumps, which is the least economical and environmentally viable. In contrast, Austria recycles 97% of all waste with only 3% in landfills - the exact opposite of Serbia. There are several private companies engaged in collecting and recycling waste materials in the Republic of Serbia, but are faced with numerous challenges, including low operating margins and other economic parameters needed for success. In addition, private organizations are in unfavorable position in relation to public utility companies, which receive state subsidies, and show little interest in the development of local public - private partnerships. This trend simply must change. To managers in the Republic of Serbia, it has become clear that a crucial platform to achieve competitive advantage primarily must be sustainable development through raising the value delivered to the consumer. This statement is in the line with research results conducted by the consultant Zell Miller. In this study, it was concluded that 62% of consumers managed just "green factor" regarding to unplanned purchases.



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## COMPETITIVENESS OF SERVICE PRODUCT

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### **Abstract:**

*Nowadays, companies are increasingly oriented toward service differentiation and production of service products with increased value. The company management has to accept change in the field of competition, so the base for decision making and execution would be based on new criteria. Technical solutions are not more the key to success in the market; it is service product with which the company competes with rivals. It becomes a competitive weapon in the process of attracting a particular retention and restoring consumer. Superior service product represents the strongest competitive strategy and the inability of competitors to copy it*

*The aim of this research is to show the basic strategy of creating competitive advantage of service product, which includes the construction of organizational culture oriented to consumers, focusing on the part of clients or market segment and connecting services in the overall system.*

### **Keywords:**

*material goods, services, construction of culture, linking activities*

## INTRODUCTION

Competitiveness in services has become more than a trend. Whether you're a competitor to the traditional service activity or you are a producer of goods, adding value to the services provided become a way of life. If you are a manager, your task is to develop strategies to provide services and employment opportunities for innovation and continuous improvement of services. If you are a manager for services, or even an engineer in the profession, your job is to better understand customers and their problems and work to improve their lives. Whether you are enabling service or service provider, providing high quality service is your responsibility. Business logistics competitiveness through services is simple: troubleshooting customer service by providing the most cost effective service solution is the best way to get your customers to decide on the business cooperation. Why is service so important to the success of the company? The reason is obvious: the services have taken a leading role in our economies. Only in the U.S.



today, the percentage of production services as part of gross domestic product grew at more than 55% compared to 1959, when it amounted to 38% of services as part of personal consumption expenditure rose from 40% to more than 60% compared the same period.<sup>241</sup>

Starting from the hotel to airlines to telecommunications and consulting companies, the percentage of service companies in our economy continues to grow. There are not even included any additional value to the services producers of material goods. Chemical industry enterprises are treated as a material product are only one part of overall service control, delivery, ordering, and advertising products. Computer equipment manufacturers have realized that the provision of services from 0 to 24 hours, seven days a week, is their primary means of reliability.

Car companies have expanded their vision of „saving the car owner“ in that they took into account not only the vehicle, but also decrease of its value, fuel economy, taxes, services, service, parts, insurance and tolls.

Maintenance, improvement, and innovation of services are integral elements that are needed to increase enterprise competitiveness in the service economy. What are the strategic goals of development? What to do to achieve these goals? Simply put, what is your overall strategy for creating competitive advantage in the service? Framework plan for the creation of competitive advantage in service, which includes building the organizational and customer-oriented culture, is focusing on the part of clients or market segment and connecting services in the overall system.

## **COMPETITIVE ADVANTAGES OF MATERIAL PRODUCTS AND SERVICES**

It is naive to believe that the development, delivery, marketing, and management services are only adaptation to marketing development and management of material products. Services are different from the material product. While material goods are a means of finding out the objectives, services are targeting direct goal, usually in the form of solutions to the problems of clients. Let us remember that the physical elements, such as food items and interior decorations, make a skeleton of necessities for the environment in restaurant. In a way, material products are services that are waiting to be realized, but the ambience in restaurant itself is a series of related activities that provide an opportunity to create significant benefits in quality of service that is very difficult to imitate. Since they represent solutions to the problems of individual customers, services are essentially diverse than material products. This means that service providers can customize the service to the needs of each client. Unlike material products, services are often

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<sup>241</sup> Survey of Current Business: [www.bea.dok.gov](http://www.bea.dok.gov)



delivered in time and place that best suits the client. Since services depend on the place and time, they are by definition temporary. If seats on the plane or in hotel rooms are not filled, they cannot be stored as stocks of material products. Technology also plays a different role in services compared with financial products. Technology can be embodied in a tangible product (such as a computer or digital camera) but in terms of services is important technology that allows customers a greater contribution to service and more control over their lives (as is the case with internet banking), Table 1, briefly shows the main differences between financial products and services.

<b>Tangible products</b>	<b>Services</b>
They are means to achieve goals	They are goal themselves
They are more homogenous	They are diverse
They are real	They are intangible
Production of tangible products is separated of consumption	They were made in cooperation with customers (providing and using of services is inseparable)
They can be putted into storage, making supplies	They are temporary and cannot be putted into storage
They are forming technology	Technology provide more control to customers

*Table 1: Differences between tangible products and services*<sup>242</sup>

From the aspect of improvement and innovation of services, the most important thing is that clients are collaborators in the process of service production. Unlike customers of material products, which are a common transmission of “customer voice” or external quality in the “voice of collaborator” or the inner quality, service users are an important part of the process of providing services. The point is that customers can contribute to the development of more services than in the development of material products. As manufacturers or service provider associates, customers are essentially a valuable source of new ideas and innovation in the service, but the value will only be made if you are able to recognize the expertise and ideas of your customers and use their ideas to improve vital services. Therefore, we must inform the

<sup>242</sup> Gustafson, A., The Nordic School of Quality Management, Lund, 1999.

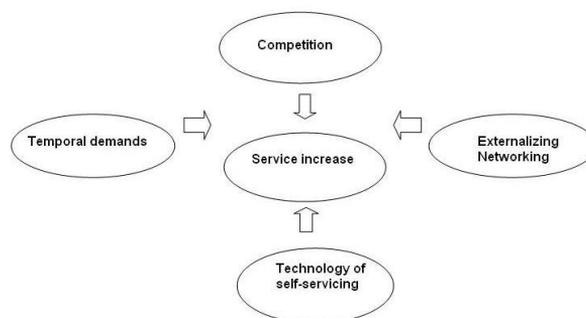


However, for key service physical elements that must be included in the service are necessary, such as food and drink on the plane or the technical equipment needed for access to the ISP. If you are a provider of pure service, such as a professor or consultant, you provide invisible product - knowledge through direct interaction with the client.

## THE REASONS FOR THE SHIFT OF COMPETITIVE VALUE TOWARD THE SERVICES

Increase of services reflects a fundamental change in the cultures and economies. First, people today simply have less free time for shopping and performing similar tasks, given the increasing percentage of working women and single parent households. The consequences are that more people eat outdoors, there more delivering services and less time is spent in the purchase of physical goods. Instead, people are willing to change the time for money to buy services and experiences directly.

Another reason is all more available access to technology that provides to customers to use the service independently when they are given the opportunity to do so.



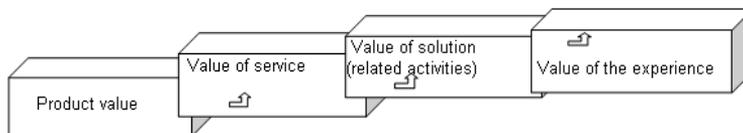
**Figure 2: Factors that encourage growth of services**

Bill payments, investment, Internet shopping and buying at home, are common ways of overcoming the difficulties of our increasingly complex lives. The third factor that contributes to the approach to services is that organizations are trying to focus on the key competencies and, as a result, to externalize services they cannot be provided to customers at cost-effective way (Figure 2).

Fourth, no less important reason is that the transition to service is the basic reaction to the development of competition. Due to the development of competition, which is shown in Figure



3, companies are forced to eventually advance the competitiveness of the product value to the competitiveness of the value of services, so called related activities. Those associated activities make a set of related products and services that offer customers integrated solutions for a specific need or problem. Regardless, whether you are trading with cake mixtures or mini-vans, emerging markets will face stiff competition in every niche market. Therefore, every market niche attracts a very similar competition where the quality is the primary and the main mode of competition. This development forced the company to move down the chain of values in order to compete in providing services to clients without which their products are unimaginable.



*Figure 3: Development of competition<sup>244</sup>*

Instead of selling cake mixtures, you bake a cake, put icing on top, and delivered it on the customer's door! As you progress in developing new services and linking them to its business policy, the associated activities or groups of services are becoming an important source of competitive advantage.

In some cases, the development of competition encourages companies to organize custom personalized experiences and to provide experiential values. To customers it is much better it terms of cost and time to pay service providers to do it for them.

Instead of buying ready-made mixes for cake, decorating, glazing cakes, decorating the house, ordering pizza and organizing birthday parties, family visiting restaurants and pay for the whole experience. It is precisely these types of groups and services, not physical goods, which initiated modern economic growth. There are those who fear that the increase in the number of services is a major threat to production. Indeed, the idea that services are not sustainable without a strong manufacturing base is rarely endangered. More interesting is what an unasked question imposes; is it possible to maintain production without a strong service base?

According to the natural development of competition shown in Figure 3, more and more manufacturers must move down the chain of values in order to distinguish them from other profitable organizations. General Electric manufactures and sells jet engines but it is making more money maintaining them. With this, services move competitive standstill point of mature economy based upon the goods. Bearing in mind physical goods are increasingly becoming part of a set of value added to services, solutions, and experience, the other complement first. The

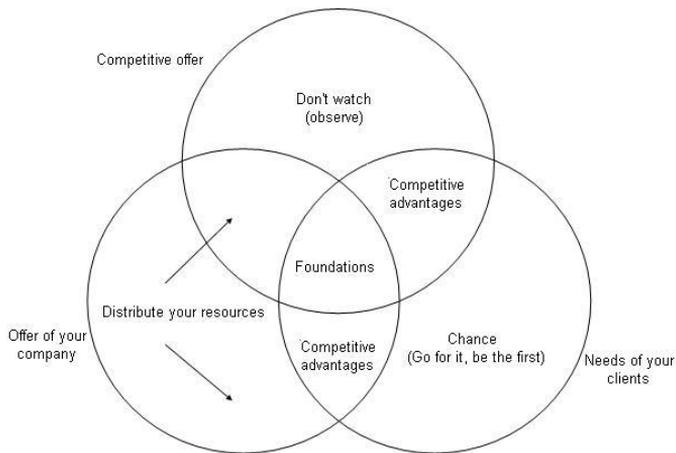
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<sup>244</sup> Pine, J., Gilmore, J., Welcome to the Experience Economy Harvard Business Review, 1998.

question is where will our production be without a strong connection to the service? Most probably in the neighboring countries, in the hands of cheaper producer.

#### 4. Achieving competitive advantage in service

Diagram showing the strategic position of the company, customers and competitors, in an effort to create an advantage in service, is shown in Figure 4. Three circles of the picture represent the needs of your customers, the services your company offers to customers and services they your competitors need to offer them. Let us consider first the areas where two or all three circles overlap. Customer needs that you meet and your competitors are considered to be fundamental.



**Figure 4: Strategy for creating competitive advantage in service<sup>245</sup>**

Although these needs are important to customer, they do not differentiate between competitors. The team needs to speak as fundamental because customers expect from any competitor for granted. Customers more or less expected them as part of the service, whether on security for air travel, or reliability of ATMs.

On the other hand, those needs of customers that you meet, not your competitors, are your source of competitive advantage. Those are the reasons that your clients will choose exactly you. In addition, the needs of clients that your competitors meet are their relative competitive advantage and your weak point. Usually these are the reasons of clients' transition to

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<sup>245</sup> Johnson, M., Customer Orientation and Market Action, Prentice Hall, 1998.



competition. Also interesting are those deals that provide you and your competitors, but that does not suit the needs of clients. Often the service and manufacturing companies mimic the actions of their competitors, and that did not even check if their clients want them.

Now let's look those parts of circle that do not overlap. If you could recognize those customer needs that are not met, that will provide you with the opportunity to make that first step and thereby gain competitive advantage. Those areas where you or your competitors are providing services that your clients do not currently use or will not, are additional candidates for possible redistribution unless you believe that the needs of customers moving in this direction. Therefore, it makes sense to observe the actions of competitors but not to imitate them. How to take advantages of the market and be the first to create competitive advantages in service? Experience with various service companies and small businesses showed basic similarities among those that stand out as the best in this process. The first of them is a strong business culture of companies. Even with the entry of technology into our society, services are still primarily affecting men, and men of the services require a positive organizational and client-targeted service culture.

Another similarity is clear and consistent focus on a specific segment of market. The third is that the culture and direction enhance the ability of organizations to link business and create a set of services that are unique solutions to customer needs. (See Figure 5).

The success of the service begins and ends with the culture. We distinguish two types of culture: the overall organizational culture and specific client targeted service culture. Organizational culture is a set of more or less common values, beliefs, and norms. Your organization must evaluate or believe that some of the ways of doing business are essential for the long-term business success, such as respect for employees and building relationships with clients. In practice, it takes seven commonly accepted values of successful service organizations shall: innovation, excellence, joy, teamwork, respect, fairness, and social gains. (See Table 2).

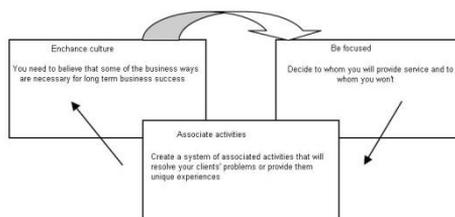


Figure 5: Creating competitive advantage in service<sup>246</sup>

<sup>246</sup> Gustafsson, A., Johnsen, M., *Improving Customer Satisfaction, Loyalty and Profit*, Lund, 1999.



<b>Key value</b>	<b>Description</b>
Innovation	Change the current state of innovation in favor of production of something better
Excellence	Do not be satisfied with "good", because good is not good enough
Joy	Create a cheerful, joy, and fun job
Team work	Accept that in work is equally important to be a member of an experienced, challenging and successful team as in life
Respect	Respect your employees, customers, partners, and the business community
Honesty	Appreciate sincerity and honesty as true and best way of competition
Social value	Create social and other benefits except narrow economic ones. Improve the lives of all your stakeholders in the society

**Table 2: Main values that maintain success of services<sup>247</sup>**

## **RESUME**

In order to build competitive advantages of a service product strategy and plan are necessary. Successful service companies are building a common strategy that is based on building a customer-oriented organizational culture, focusing on a certain amount of customers on segmented markets, and connecting of service sector.

The success of the service product begins and ends with the culture. Common accepted values of service products that organizations apply are innovation, excellence, joy, teamwork, respect, fairness, and social value.

Building and maintaining of competitiveness in the service requires market segmentation. In doing so, it is essential to remain strategically focused on the part of clients, and to know whom you serve, and whom you do not.

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<sup>247</sup> Gustafsson, A., Johusen, M., Natjecanje u uslužnoj ekonomiji, Mate, Zagreb, 2006.



When it comes to material goods, competitors may be involved in segmentation and market and product differentiation. Differentiation involves creating different or higher quality products.

The differences between the service context and the context of material products are in the connection of segmentation and differentiation.

To create competitiveness in the service product both are needed because successful service companies combine segmentation and differentiation as part of the overall system of related activities.

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## NEGATIVE IMPACT OF MEDIA ON CHILDREN'S YOUTH EDUCATION THROUGH THE APPLICATION OF INTERNET INFORMATION

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### **Abstract:**

*The abundant supply of television stations, Web sites, it is obvious that the media occupy a leading position, which is still not the case at the local Internet scene. In everyday life, television, internet and mobile phones are indispensable assets because they provide a comprehensive overview of the content and complexity of the term 'media'. They cover an area of science, the required information and entertainment, and reveal the area of research versus teaching. In respect of items of media culture, their specific content is especially evident through a multimedia approach. For example, in the medium of film, television, video and DVD are listed the rapid changes of learning and their experiences. The media are a source of much useful information. They help in learning, gaining new knowledge about the quality of life, in other areas, etc. However, in addition to positive action, their effects can be completely opposite. Among experts there is a special discussion on the influence of media on violence among children, but also the influence of advertising, and point out that these facilities can leave a severe impact on psychosocial development and behavior of the child-youth. All this suggests that the youth will be affected in different ways to use their personal time healthier, on fresh air, nature walks or hanging out or playing some socially useful game, rather than the Internet, TV screens, mobile phones and in stuffy bars.*

*Thesis: that violence in the short term "solution" that leads to even deeper abyss of violence, this should be elaborated separately.*

### **Key words:**

*family, children - youth, media, violence, Internet and information.*

## **INTRODUCTION**

Crime of violence and brutality is progressing rapidly and increasingly disturbing public concern, which organs are obliged to prevent such and similar behavior. Criminal Law, Criminology, and Sociological studies suggest that socio-economic, political crises and wars lead to the occurrence of violence in society, family, kindergartens, sports fields and its increase.



Criminal law literature variously explains the concept of violence. Consent exists only in the fact that the legacy can be related not only to faces but the fact that violence is always there when they used to face physical, psychological or other means.<sup>248</sup>

### **TELEVISION, INTERNET, MOBILE PHONES AS A POTENTIAL MEDIA FACTORS AFFECTING CHILDREN - ESCALATING YOUTH VIOLENCE IN THE FIELD OF MODERN CIVILIZATION THROUGH DISSOLVED, BROKEN AND DEGRDED FAMILY**

Violence in general, and violence in sport, family has many sources: criminology, cultural, civilizational, social, psychological or other nature<sup>249</sup>. Top any of these do not act independently, but their share is still superior. If we take as a result that violence is always present in all societies, from primitive societies to the present day, then the thesis is true, that among the foundations of modern civilization violence is also present. We can also speak of ideological violence, race, religion, as a systematic definition of the organization - and other forms of manipulation of funds through various perspectives and with different means. Precisely the last is always changing, as is known, that violence has a particular feature in any particular society. Accordingly, the applicable characteristics of different forms, and actions where violence is more or less expressed. Violence is known to all men, although it is true that the causes of various forms once more and at other times are less manifested. Many in the world and in our society are inclining to the thesis, that of all, the most causes are social. It is determined by many proofs which would be impossible to enumerate here. It is also known, in the last twenty years there is an escalation of violence in many areas. Sport is one medium and the shape of the event with many psychological dimensions, which is mobilizing strong emotions and sometimes even a possibility of more attractions. In no area is so obvious and so easy to reach the public with different interests or symbols. Hiding in a variety of forms of manipulation, with plenty of plot, where it seeks legitimacy for those concerned contraries, political, racial, nationalist and others that are definitely latently related to each other and in some extent.

During the period when Television came into our homes it has also brought most of the elements of violence, especially in sports. In this way, the circle of passive athletes as well as

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<sup>248</sup> Criminal Law SFRJ Commentary, Beograd, 1978. (various authors).pg. 443 – 446

<sup>249</sup> Jašarević, O. others, Self-image and prevention of youth behavioral disorders (criminological, psychological and criminal justice aspects of violence with emphasis on prevention, pg. 109. ,"Fojnica", Fojnica, 2010.



potential candidates of violence were greatly increased. With regard to the effect that the patriarchal relationship more or less is the past and that in the family both of parents are commonly employed, there is another problem. Children are increasingly left to themselves arising out of the narrow primary social environment, to the street, a different company, abandoned the so-called "nominal societies". Although it appears that the overall process of education of youth should not be given special attention to television, initially, the educational theorists have overestimated the good forms of television and optimistically expected to be largely replaced by school education in classical social process, etc. Of course, it soon turned out that television has many suggestible but also many negative impacts on children. So it was no wonder there were just so many people started to blame the media for the spread of hooliganism, youth (juvenile) delinquency and other deviant offenses among youth<sup>250</sup>. According to this classical form of education in society, dies - or does or it in some areas already happened long ago. It is necessary to warn the older children to negativity and properly directed, if possible according to the virtues of television, which she has insufficient. Television itself has just won a leading role in shaping public opinion and with such an audible and visually observing the different information, be sure and scientific, has banned all past and present media. Television has gained a favor of youth and become an integral part of their lives. Television for children has become an important source of information through which child is raised and taught, on the other hand information of life insights exceeds their ability to see, above all, ability to accept. Such information dispenses with the children as a manifestation, which may be attractive, often glaring, or it may in certain segments in several cases fit their structural characteristic. To a scientists in this area still is not clear whether the children of such information may even be able to distinguish good from bad, fair from unfair, appropriate from inappropriate. Pressing the button we easily observe daily life passing, we observe criminals in action, watch the murder and certainly violence in sports and family. Equivalent non-selective image that with little or no comment follows another, is one of the fundamental significance of television, according to which is different from media intelligence and with geographic and cultural surroundings practically does not change. Television broadcasts can awaken in children desire to identify themselves with some event, and so it creates new attitudes and values. In this way, to children is allowed new opportunities of observation of reality, certainly and negative ones, but above all, violent, it is known that violent act leaves the highest impact.

In today's families, which lately prevail in our country too, children are left to so-called dissolved nurture. Most often they are left to themselves, doing what they like, so in that context alone can choose those television programs, which is not recommended for their age. If we assume that about 80% of all television transmission on one way or the other has violent traits then it is understandable that television is a very strong intermediary of violence that draws at the same time they also impose negative effects and consequences in young people. In all this the above, it is understandable that in many discussions about the causes of violent behavior occurs also watching television, or action, crime films and series, demonstrations of

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<sup>250</sup> Ibid. pg. 118



violence in sport, family, ideological violence, etc. Besides neglecting the education of young people in the family, the society is co-responsible, as well as television. In our country we have violence on sporting events which certainly has its particular characteristics, and probably the specific causes, but we can not to mention that those same events, the media, especially television has brought into our homes and families long time ago. A lot of violence, even sports ones, recognize that the ideas, and also methods of behavior, cheering, demonstration of different forms of belonging sport areas, are obtained through the television transmission. According to the cause of violence (in sports) caused by television, we can ask two questions: How much time child should spend on watching television? And of course, what to watch?

Watching television is the main activity of children, therefore children watch approximately three to four hours television on a day. If you look better, it means that children to the end of secondary school spend more time watching television than in the classroom. Some of the most awkward contents are shown on a daily basis are ethnic, racial, sexual bigotry, drug and alcohol abuse, etc. Scientific studies have shown that children - young people can become immune to the scene of violence and terror, accept violence as a solution to the problem, mimicking the violence watched on television, and identifying with the bully or victim. Therefore it does not matter whether the family exists largely authoritarian or more democratic, it is more important that older carefully assess these parameters, and also assess the size of the negative influence of television and the environment. Parents may accomplish the stated limiting in watching, explaining that offender, bully is a negative figure and violence is punished. Let us take an example that we can read in the newspapers<sup>251</sup> and that happened a few years ago, when a boy after an advertisement for an energy drink "Red Bull" tried to fly through the window because the "Red Bull gives you wings".

### **YOUNG INTERNET DEPENDANT GREET THE MORNING**

Rather than spending free time<sup>252</sup> with peers in a pleasant company, or on the sports field, the young are increasingly becoming addicted to computers, TVs, mobile phones and other devices that they can bring both benefit and harm. Often, young people spend hours on Facebook, while reading a book outside the eight-year, secondary schools and colleges is rarity. Internet and other media offer much useful information, but too often are the main consumers of the unlimited free time. From experience is recommended more often outdoors, it always inspires and enriches. Nowadays, and trends in it, directly affect the youth, but also indirectly, through family and other segments of society. An urgent and comprehensive social action is necessary to inhibit criminological trends: violence, alcoholism and use of other opiates, television, Internet, mobile telephony, so the creativity of young people could be focused in socially useful

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<sup>251</sup> Daily newspaper „Avaz“, 2008.

<sup>252</sup> Potkonjak i Šimleša, Leisure time, Školska knjiga, Sarajevo 1989.



development<sup>253</sup>. Learning is reduced to a minimum, do what it takes to achieve a positive rating or not to invest even the minimum knowledge in assessment and wait for some other inappropriate way to reach goals. Some young people, and most of them are such, spend eight hours of free time on the Internet. The next day at school they are late or not come at all, because he "slept", was all night on the 'net, watching TV, sending text messages, 'chilling' in a smoky coffee shop, etc. The culture of living within the family is totally undermined, and even has negative connotations. Specifically, children-young people within the family are not focused on sports, because their parents did not develop a positive awareness of the importance of sport in human life, how it should be. TV, internet networks, mobile phones are so accessible to every child / young person that it made a kind of "media terror" for children. Again, the role of parents is absent, the child / young person allowed excessive use of the Internet, TV and mobile phones. On the other hand the development of intellectual ability is questionable, given the content of information that a child consumes, that it is increasingly limited in thinking and intellectual development. More and more stories about the hazards of the Internet for kids-teens, which exists if the child is not influenced the way it should. However, we all ignore the positive things that the Internet and other media, providing teenagers.

It is not disputed that on TV and the Internet there are contents that children should not watch. All studies have shown that most of the crime and the tendency to violence can be largely attributed to the contents consumed through television screens, cell phones and Internet communications. The Internet is a challenge, and offers great opportunities, but also brings risks that children themselves can not recognize or can protect themselves. Psychological changes are sudden and violent and they just lead to a new condition called critical period in the development of young persons.<sup>254</sup> It is very difficult to set rules of conduct and provide protection to children because of the impossibility of effective control and freedom afforded by the Internet, simply because they are available on the Internet by various activities, many of them inadequate. Often there is a misuse of the Internet, so children become victims with the most serious consequences of sexual abuse and internet child pornography.

### **INTERNET INFORMATION INTOXICATING - DEPENDING TOOL**

We can show how Internet can be a dangerous through an example, China could become the first country to declare a dependency on the global network of clinical disease. Ministry of Health of that country next year should publish the manual in which new types of addiction will be placed in the same category as gambling, alcoholism and drug addiction, etc. According to the findings of Tao Rana, doctors from China and founder of the first clinic for Internet addiction, computer addict daily spends between six and nine hours. Addicts often suffer from

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<sup>253</sup> Jašarević, O. and others, Youth leisure time (Criminological aspects of youth leisure, pg. 89), Fojnica, 2010.

<sup>254</sup> Srzentić, Stajić, Lazarević, Criminal Law SFRJ – general part, Beograd, 1994. pg. 399.



depression and fear, and avoid the company of other people, have insomnia, because Internet has disrupted their biorhythm.<sup>255</sup>

## CONCLUSION

Analysis of violence origin, general violence, sport and other areas of life, show that most of them are coming from young social groups, from families where relationships are not harmonious, ordered, or there were some other problems in childhood and youth development.

The causes of violence, therefore, we don't need to look only in sport and violence, but media should be designated as the bridge, where violence is most easily manifested, and on the other side hard to punish.

The message telecast gives with aggressive characteristics is almost always clear, "Violence is always worth it. "

Specifically, the new laws and general laws in BiH, against domestic violence, establish rules of conduct that should ensure the proper behavior of all actors and have no ambition to change the reality in general, but only to create the conditions that the situation starts to change for the better, which is required everyday<sup>256</sup>.

A reasonable policy should demand special attention to a prevention activities in combating juvenile delinquency, negative media, internet and other information, as a negative social phenomena

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<sup>255</sup> Jašarević, O., and others, Self-image and prevention of youth behavioral disorders, Fojnica, 2010, pg. 134.

<sup>256</sup> Jašarević, O. and others, Self-image and prevention of youth behavioral disorders, Fojnica, 2010 pg. 134.



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## CRIMINAL ACTS AGAINST THE AIR TRAFFIC SAFETY

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### **Abstract:**

*The subject of this paper is scientific treatment of problems related to attacks that threaten the security of air transport and measures taken to preserve and enhance the security. It will be directed at illegal (unlawful) conducts contained in the acts aircraft hijacking (Article 293, CS of Republic of Serbia); endangering air traffic safety (Article 292, CS of Republic of Serbia) and endangering the safety of air traffic violence (Article 292, CS of Republic of Serbia), which raises some questions related to legal protection of air transportation safety and problems of air terrorism.*

### **Keywords:**

*air traffic, crime, safety, hijacking, consequences*

## INTRODUCTION

Nowadays, air transport has become one of the major needs of society that is highly developed and constantly improving. Air transport is important for the circulation of people, goods, and others. However, air transport has brought the world certain issues. One such problem is related to human behavior, that taking on the character of crimes; seriously endangering the safety of traffic. In essence, it is about two types of prohibited behavior aligned against the security of civil aviation. One type of prohibited conduct relates to "hijacking of an aircraft", i.e. when the aircraft, crew, and its passengers become victims of one or more persons who have decided to forcibly take unauthorized control of the aircraft that was diverted from the normal direction of flight toward their desired destination. The second type of illegal behavior relate to "endangering the air traffic safety", i.e. in the case of improper or incorrect flight control of aircraft, failure to obey duties, or supervision regarding the safety of air traffic, providing false information of significance for the safe flight of aircraft, and any other activity of an act or omission or a way that is suitable or sufficient to endanger the safety of air traffic. Then, unlawful behavior relating to "endangering the safety of air traffic violence" that include violence against a person on board, posting or entering the aircraft an explosive or other dangerous device or substance, destruction or damaging navigation device, and causing other



damages to the aircraft. Finally, misconducting relate to the appearance of "modern terrorism in the air traffic".<sup>257</sup>

These are acts of violation of international law and that international community wants to criminalize and punish in the framework of national legislation. We are actually talking about acts that have a basis in international bans, but the punishment and criminal prosecution of the perpetrators left to the will of the national criminal legislation. The activity of the international community here is not focused on providing the repressive supranational system, but to the coherent application of international instruments, the harmonization of legislation, and the intense mutual co-operation of states.<sup>258</sup>

### **HIJACKING AN AIRCRAFT (Article 293, CC of Republic of Serbia)**

Hijackings are among the most important acts of unlawful obstruction of traffic, but the most drastic form of endangering persons and property of great value. In principle, the same goes for other models of the modern terrorism in air transport in the literature, sometimes without enough arguments subsumed under the "generic concept of hijacking an aircraft."<sup>259</sup> Among these are diversion and sabotage of an aircraft in flight, armed attacks on aircraft on the runway, or in flight, carried out from the ground or from the air, attacks on the airport facilities, attacks on the devices to navigate, and which are not directly related to flight, but for the safety of passengers (attacks on airports, attacks on the seats of air companies, etc.).

The fight against each of these modes of terrorism is an important segment of the criminal and overall protection of passengers and other participants in air traffic. Starting from the frequency in practice, it is evident this primarily refers to the hijacking of the aircraft, where special problem is the execution of the unlawful killings while taking control of the aircraft. This is because the hijacking of aircraft is often associated with physical violence, resulting in a negligent or intentional deprivation of life of crewmembers or passengers.<sup>260</sup>

The danger of such incidents is always present, but it is significantly increased in those cases where after the landing, aircraft hijacking becomes taking hostages into the airport runway, and especially in the situations of dismissal such hostage actions. This is because in such kidnapping death of a passive subject can occur as a result of physical and mental suffering that

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<sup>257</sup> Jakovljević, D., *Međunarodna krivična dela protiv bezbednosti vazdušnog saobraćaja*, Anali Pravnog fakulteta u Beogradu, br. 3-4.,1987.

<sup>258</sup> Kambovski, V., *Primena supranacionalnih normi međunarodnog kaznenog prava*, Zbornik radova: *Relativna pitanja međunarodnog krivičnog prava*, Tara, 2003.

<sup>259</sup> Trajković, M., *Međunarodno vazduhoplovno pravo*, Pravni fakultet, Beograd, 1999.

<sup>260</sup> Milošević, M., *Ubistvo pri otmici vazduhoplova*, Pravni život, Tom 1, Beograd,2005.



are applied, or due to denial of adequate medical care, but also as a result of negligence or struck by anti-terrorist unit while releasing hostages and the like.<sup>261</sup>

Given the nature of the abductions, there is a difference between cases in which a young man based on adventure desire hijack an aircraft to afford itself the pleasure of a flight and one in which terrorists held people at gunpoint, forcing the crew of civil aircraft to destination of their choice, even going to using arms, sacrificing innocent people, and finally destroying the aircraft. Also, there is one significant difference between the offender, which endangers the safety of civil aviation: to obtain money or any other unlawful benefit; revenge from their hatred, avoid criminal responsibility for the work that is done, and the one who opts for this behavior because disagreement with the political system in the country or the exponent of all of organized groups, motivated by different political and anarchist ideas.

The most common and the most important motives to perform hijackings are political, followed by greed, adventure, revenge and more. There are hijacking related to political escape and kidnapping as an execution of collective mission, suicidal, and abductions carried out by psychopathological personality. In this regard, a division of the abductions on political and criminal is acceptable. Hijackings in order to achieve purely political goals also are numerous and are carried out by political extremists and religious fanatics. The criminal act consists in taking control of an aircraft in flight by force or under the threat that force will be used.<sup>262</sup> The property of protection is the aircraft in flight. Hijacking of aircraft has been declared an international crime by the Hague Convention on the suppression of unlawful hijackings of aircraft of 1970,<sup>263</sup> which was ratified by SFR Yugoslavia, taking over duties from the ratified conventions, introduced in our criminal justice system of this act in 1973. According to this convention, aircrafts flying international, and which are not used in military, customs, or police purposes must be protected. An aircraft is any means of flying, whether carrying passengers or goods, or perform any other task that is not a military, customs, or police. These include aircraft, helicopters, and other aircraft.

The act of committing is taking control of an aircraft in flight by force or serious threat that force will be used. Taking of flight control consists in forcing the pilot to steer the flight in the direction where offender wants, or in the physical takeover of commands of an aircraft or other aircraft since the airport authority gave a sign to take off.

A means of committing the criminal act is the use of force or serious threats that force shall be applied if the crew does not comply with the requirements of the hijackers, or in case of resisting taking over control commands. By force is meant the use of physical force or other means that prevents or breaks resistance (means of stunning and hypnosis). A serious threat is when the means are showed and clearly expresses the intention that the assault will follow. The

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<sup>261</sup> Milošević, M., op. cit., str. 156.

<sup>262</sup> Krivični zakonik R.S., „Sl. Glasnik R.S.“, br. 111/09.

<sup>263</sup> Službeni list SFRJ broj 33/72.



threat must be eligible to break the resistance of the crew, so the crew under the influence of fear of immediate harm to life or the life of passengers, hand over commands, or accepts orders to control the aircraft in a direction that the kidnapper wants. If there was a surrender of aircraft controls without the use of force or threat, there is no kidnapping. The consequence of this crime is an abstract threat to lives of people (crew and passengers), their physical integrity, property of large scale, and normal traffic.

The offense is made with the moment of taking aircraft controls by the hijackers. The attempt of this work is possible and is punishable.

The perpetrator of an aircraft hijacking of can be any person. This may be a member of the crew if executes coercion against other members.

Criminal responsibility requires a direct intent. Motive of the kidnapping is not essential to the existence of guilt, but can be influential in determining sentence. A penalty of imprisonment from two to ten years is anticipated for this crime act.

The first severe form of this offense exists if there is, due to result of taken actions, a grievous bodily harm of another person in any form, or when the damage on a large scale is caused. When existing of large scale damages is factual issue that court chamber decide in given case. These consequences must be causally related to taken actions of criminal act, and in relation to them, the offender acts with negligence.

This offense carries a penalty of imprisonment from two to twelve years.

The second part is more severe if the result of actions undertaken by the execution of the basic negligence caused the death of one or more persons. The weight of the consequences is a qualifying circumstance for which the law prescribes imprisonment of five to fifteen years.<sup>264</sup>

### **ENDANGERING AIR TRAFFIC SAFETY (Article 291, CC RS)**

The act consists of endangering the air transportation safety including improper or incorrect flight control of aircraft; by failure of duty or control in respect of air traffic safety, by giving incorrect information significant for

safe flight of aircraft or otherwise endangers air traffic safety.<sup>265</sup>

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<sup>264</sup> Đurđić, V. – Jovašević, D., *Krivično pravo*, Posebni deo, Beograd, 2010.

<sup>265</sup> Jakovljević, D., *Međunarodna krivična dela protiv bezbednosti vazdušnog saobraćaja*, Anali Pravnog fakulteta u Beogradu, Beograd, broj 3-4/1987.



This crime has arisen because of the necessity that was turned into an international obligation by Convention for the Suppression of Unlawful Acts against the Safety of Civil Aviation, which concluded in Montreal in 1971, ratified by our country in 1972.<sup>266</sup>

The object of protection is the life and body of people (crew and passengers), property of large scale, and maintenance of the air traffic as well as social and economic activities.

The act of crime act perpetration is composed of several provided activities. These are:

1. Irregular and improper flight control of aircraft consisting of non-compliance with takeoff, landing, or during the flight. Such a case would exist if the plane take off or land without permission, or before a certain time on the runway, if you land on a runway which is not allowed for its landing and it is not a last resort, if during the flight does not comply with instructions given to you by flight controllers airports in terms of height, speed, or path, or line of flight. Improper management will exist in the case when they are unaware of the technical rules regarding the handling of commands or signaling, as well as takeoff of an improper aircraft. This act will exist when unprofessional person or entity that is due to illness or fatigue incapable to manage operates the aircraft.

2. Failure to obey duties or supervision regarding the safety of air traffic - is when the persons is responsible for control of the aircraft (engines, controls, braking systems, signaling devices, radio communications, removing the wheels during landing, etc.); or for the control of the flight of aircraft (the flight direction, altitude, speed, etc.) are not made or deliberately carry out their duties in a sloppy way. This act exists when the safety control of these components, operations, and traffic fails or deliberately is made in a sloppy way, so to recognize the flaws that were illegal.

3. Providing false information of significance for the safe aircraft flight - it is about giving official information relating to the takeoff or landing of aircraft, such as data on the existence of ice or damage to the runway, the visibility of signs, i.e. the existence of fog or snowstorm; information on the flight such as direction and wind speed, course, flight, etc. All these data are essential for successful and safe flight of aircraft and mistakes in this respect not only endanger flight safety, but also could have disastrous consequences for human lives and the plane itself. This form of crime can be done not only by giving false information about the absence of danger when it really exists, and vice versa, but withholding those that may be of importance for a safe takeoff, flight, and landing. This information may be incorrect in whole or in part.

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<sup>266</sup> Službeni list SFRJ broj 33/72.



4. Any other activity of an act or omission or a way that is suitable or sufficient to jeopardize the safety of air traffic.<sup>267</sup> Also this act exist when it seems there is some activity or omission that is not covered by any previous form as for example: damage to the runway or the airport signs on the runway; failure to report damages on the radar that tracks the movement of aircraft; failure to point to the risk of developing a foreign body in the vicinity of the aircraft; causing panic from the vortex of air currents.

The consequence of jeopardizing the safety of air traffic is causing some with some of these actions of act or omission specific danger to life and physical integrity of people (crew and passengers). The developer can only be part of a responsible person who takes any of the activities related to air traffic safety. In terms of guilt, premeditation and negligent intent are possible.

For intentional commit of act, an imprisonment from one to eight years is anticipated, and for the act of negligent imprisonment of six months to five years is anticipated.

Mild form of this work exists in two cases: 1) when from negligently navigation device is destroyed or damaged - when the unit is very important for safe aircraft flight and control, partially or temporarily brought to the condition when it cannot be used for its primary purpose. For the existence of the act, it is important that action taken by negligence and 2) when the negligence caused damage to other aircraft. Negligently causing any damage to the aircraft or any part (device) is a form of this act. For this at a prison sentence from three months to three years is prescribed.

#### **ENDANGERING AIR TRAFFIC SAFETY BY VIOLENCE** (Article 292, CC RS)

Act consists in bringing the threat of air traffic violence against a person on board, posting or entering the aircraft an explosive or other dangerous device or substance, destroying, damaging or removing the device and navigation signs used for air traffic safety, or causing other damage on the plane.

This crime has arisen as a result of the necessity of which was turned into an international obligation. Convention for the Suppression of Unlawful Acts against the Safety of Civil Aviation, which concluded in Montreal in 1971 and that our country ratified in 1972.<sup>268</sup>

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<sup>267</sup> Đurđić, V. – Jovašević, D., *Krivično pravo*, Posebni deo, Beograd, 2010.

<sup>268</sup> Službeni list SFRJ broj 33/72. Terzić, R., *Kriminalistički aspekt otmice vazduhoplova*, Bezbednost i društvena samozaštita, Beograd, broj 10/1990.



The object of protection is the air traffic safety, life, and body of people (crew and passengers) and large-scale property.

Act consists of several alternative activities planned including: 1) violence against a person on board is a violence act which directly attack the life or body of another person. This act can be taken in different ways using different means. Most often, this action is done by force or threats. The fore is the use of physical strength, mechanical, or other forces on second person, as well as the use of hypnosis or intoxicating substances. The threat is the announcement of the application of harm to another person. For the existence of this act is necessary to take such action against any person on board, 2) Setting is the mounting or attachment of explosive or any other devices inside or outside of the aircraft, or in any other part such as engine, wings, wiring, wheels, etc.

Entering is leaving the explosive device or substance in any part of the aircraft. Most often this is done with luggage or left in some of the boxes or aircraft under the seat or next to the perpetrator. Explosives are bombs, infernal machines, various types of mines: contact mine, tensile, and so on. The explosive substances are all inflammable and bursting materials with character of expansion, which causes the destruction and killing people, 3) Destruction is the destruction of navigation instruments breaking, burning or by chemical means so that they can be used to determine direction, speed, height, and the position of aircraft or other aircraft. The damage is causing errors on some parts of the aircraft that can be repaired or replaced, or severing ties and connections that can be restored by repairing. Those are primarily signal signs sending alerts and messages for landing or takeoff of aircraft from the runway, as well as signs warning of the risk of danger or constitute a ban. Removing these sings brought into danger, not only the normal flow of air traffic, but also the lives of people, their physical integrity and property of higher complexity. The act is to carry out the destruction, damaging or removing signs that are used for safe air traffic. The destruction of the sign means its destruction so that they can no longer serve its purpose, while causing damage is a change in the character that can be remedied by repair and character fit for use.

Removing is dismantling and removal of signs from that place and setting the signs to another place. Consequence of this act is abstract danger to human lives, their physical integrity, property of great value, so that act will be accomplished by perpetration of any of the above-mentioned actions by the perpetrators, 4). Causing other damage that threatens the safety of flight of the aircraft can be done by excluding the installation of signalization or air purification.

The perpetuator can be any person; in terms of guilt, intent is required.

Imprisonment of two to ten years is provided for this criminal act.

Crime act has two qualified types. The first part, a more severe form, exists if due to taken act of perpetuation, a grievous bodily harm of another person in any form appeared or it is caused damage on a large scale. These serious consequences have to be in casual connection with the



perpetrated crime and in relation to them, the offender acts with negligence. For this act, imprisonment of two to twelve years is anticipated. The second, sever part of the act exist if, due to undertaken act from negligence, a death of one or more persons is caused. Severity of consequences is a qualifying circumstance. For this act, imprisonment of five to fifteen years is anticipated.

## RESUME

Hijackings of aircraft, endangering the safety of air traffic and the threatening air traffic safety by violence are those crimes that are prevented and penalized by the international obligations of international agreements signatory state, which encompass these acts. Signatory states are engaged in the fight against crime that transcends national borders of a country and takes on the character of international crime. As is the case with the signatory country of the Hague Convention and Montreal Convention, which incorporated into its national criminal law crimes of hijacking an aircraft and endangering the safety of air traffic, it follows that the criminal courts of this country by applying to specific cases of domestic, national law also applied to international law incorporated into national criminal legislation.

Based on the above-mentioned we can conclude that international character of criminal acts contained in The Hague and Montreal Convention consists in their following characteristics: social danger and illegality of such acts to the international community of states; anticipating in international law sources, and their punishing and prevention based on international state's obligations arising from international agreements. Due to these characteristics, these criminal acts appear as international crimes, because they are different from other crimes that are not international crimes acts anticipated by domestic, national law. Social danger of these offenses is referred in its dangers and harms for the international community of states. This means that the cause of some injury or threat to a social good or the interest of greater importance due to which they appear as harmful and socially dangerous for the international community of states.

In this regard, our country is did the following actions: 1) signed and ratified the Chicago Convention on International Civil Aviation, 1944, 2) ratified the Convention on Offences and Certain Other Acts Committed on Board Aircraft, signed 9/14/1963 in Tokyo, 10/22/1970, and 3) ratified The Convention for the Suppression of Unlawful Seizure of Aircraft which was passed 12/16/1970 in Hague 12/16/1972, and 4) ratified year Convention for the Suppression of Unlawful Acts against the Safety of Civil Aviation, 28.6.1972, adopted 23.09.1971, accepting obligations under the ratified conventions, introduced these crime acts in criminal justice system of our country. Thanks to this, our legislation is consistent with the provisions of these conventions relating to safety and protection of air traffic.



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## PR FUNCTIONS IN NON-GOVERNMENTAL ORGANIZATIONS (NGOs)

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### **Abstract:**

*Very few authors do deal with issues of public relations. Generally, literature that can be found talks mainly about organizing PR functions within manufacturing organizations/companies and organizations whose primary goal is profit. At the time we live is very important to all organizations, institutions, or agencies to communicate with its environment or the public. The public is such that each organization provides a critique, support, to assess, assist, promote, and create. It is precisely for this reason this paper will attempt to acquaint readers with the necessity of organizing what is the function of public relations in non-governmental organizations.*

*This paper gives the brief information about the status of NGOs, what they do, how long and in what form they existed in this region and so on. The paper also deals with the activities and tasks of PR manager and PR teams, non-governmental organizations listing tasks, activities, and powers that should have PR people in the NGOs.*

### **Keywords:**

*communication, non-governmental associations, the public*

### **NGO**

Non-government organization represent all types of different associations, social organizations, as well as funds, foundations and endowments. The existing structure provides a variety of rights that we can see a wide range of diversity of the sector, which makes it difficult to be essentially reduced to simple templates and definitions. Practice shows us that all human interests are covered with appropriate associations and organizations that address it. It is natural and therefore understandable that people set in motion different interests and motives, and that they have different and multiple compatible roles in society, because an interest shows in sport association, the other in a fun, third in the professional, the fourth in the political and the like. Research shows (CESID, 2005) that those citizens who are more engaged in the various civic associations (NGOs), are more politically engaged and with they are less averse than people who are not anywhere involved.



The last few years in Serbia, NGOs experienced expansion. However, in accordance with times in which they existed, they were not having their full autonomy of action against the state and governing structure, so they were more „governmental“ rather than „non-governmental“ organizations. There is a perception that the concept of non-governmental is very similar to the term anti-government, which is equated with the term anti-state, from the fact that many equate the government and state and believe that if someone is against the government, it is therefore against the state. Ignorance of the essence of these concepts, the lack of democratic political culture and propaganda is intense in the media constantly explaining how non-governmental organizations are hostile and anti-state organization, has led to the situation that today, over two thirds of the population is still not certain as to what those organization really are.

NGOs in a democratic order cannot be anti-government, pro-government, or neutral in relation to the government, but cannot be anti-state, because such activities are prohibited in all countries. We will not go wrong if we say that there are still great suspicion and ignorance of what they are and what NGOs do, and it actually speaks about that in our political culture and especially in the minds of those running the state, there is, I would say historic distrust of citizens and their right to free association and organizing. This indicates to lack of political consciousness, that in the community in which we live alone we need to worry, because it depends on all of us, what it is it and what will be.

## THE PUBLIC

All activities of the organizational system, both productive and non-productive, both for-profit – and non- profit, makes its communication with the environment, because it achieves its mission and its goals. Unavoidable necessity of communicating with the environment, both internal and external, is based primarily from the fact that within the whole system there are a number of factors and participants from members of the organization, through employees, organizational units, to the media. All these factors represent „a specific link of the chain.“ In addition, „*the chain has to run efficiently on all its length.*“ *A chain is only as strong as its weakest link.*<sup>269</sup> The aim of inter-chain communication is that every link in the chain is strong enough.

The public is in fact any group that has actual or potential interest or impact on the organization's ability to achieve its goals. In other words, the public is a group of which organization would like a response, such as affection, positive thinking or „contributions“ in time or money. That the organization could actively approach the construction of public relations, a segmentation of the public is the first thing to do. When it comes to non-governmental organizations, the public is mainly segmented into multiple pieces: internal

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<sup>269</sup> Reg Dejvid: „*Odnosi s medijima*“, Klio, Beograd, 1996., str. 11



release, external release, the financial public, media releases, government (as public), citizens (as public), local public, public, international public, etc.<sup>270</sup>

The organization must identify and respect the public interest regardless of whether it is welcomed or not. In other words, the organization would have to establish mutual trust with public, which is one of the priority factors of the defined mission and objectives of organization.

## **PUBLIC RELATIONS**

Let us mention that the term „Public Relation“<sup>271</sup> comes from English speaking countries. It is first used in the U.S. (1807), and then in other countries. Development of public relations was so fast that at the beginning of the 20<sup>th</sup> century (around 1920) were thousands of people who earn money dealing with the profession of public relations. The term „Public Relation“ first appeared in the early 19<sup>th</sup> century. From then until the present day there are great difficulties to define this area. That is the basic reason why there is no single definition of public relations. Rex Harlow collected and analyzed 472 definitions, and eventually gave its own definition of public relations. Kotler and Armstrong define it as follows „the public relations include building good relations between companies with different parts of the public through the achievement of favorable publicity, building a good corporate image and solving or preventing the occurrence of unfavorable rumors, stories, and events.“

One thing is certain - PR (Public Relations - PR) include a number of programs designed to promote or protect the image of the organization or its individual ideas. From this can arise another definition that in its content is very broad and perhaps closest to the PR function of the NGO: Public relations are a process by which individuals and organizations used to influence public opinion, creating it (where it is lacking), changing (if not convenient) or strengthen (if in accordance with desirable). Above all, the programs that should be manifested through this specific function in the management of which is to: help establish and maintain internal communication, understanding, trust and cooperation between the organization and its target groups, meet management of the organization with the conditions in the environment, help the management to monitor public opinion and, by offering their own press releases, informing the public, defines the level of management accountability in relation to respect the interests of the

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<sup>270</sup> Kotler Filip : „Upravljanje marketingom“, II (analiza, planiranje i kontrola)“, Mate, Zagreb, 2000., str. 63

<sup>271</sup> Cvetković Ljubiša : „Odnosi s javnošću“ - 1. izd. - Niš : Univerzitet, Tehnološki fakultet u Leskovcu, 2003., str. 9



public and inform the public on responsible behavior, leadership aimed at preserving the interests of society, help the management of the organization to „keep up“ with changes in the environment and to efficiently use the change, serving as an early warning system to spot trends in the environment. As their primary means of public relations, ethically justified research and communication techniques are used. Natural need for public relations results from several general reasons from the environment in which any non-governmental organizations exist. It is, after all, a growing number of citizens' associations (NGOs), who take the lead and popularity, the rapid development of science and technology, necessity and intentions of the organization to take full advantage, while striving to avoid or minimize the limitations and risks in environment, the tendency of the growing interdependence of all entities, a growing conflicts and clashes of interests of different subjects in all areas of human society, strengthening the role of public opinion, unstable and uncertain economic and political situation in the country, depending on the quality of the support of external factors.<sup>272</sup>

Answer whether the NGOs need public relations, as a kind of organization management, is the issue of whether the organization is suffering from some or all of the negative attitude towards the environment! These include the reluctance (being hostile to the environment), prejudice, indifference, and ignorance! A large number of positive examples from practice show that organizations that regularly invest in public relations have better results in their work and achieving their goals. Therefore, it is necessary to pay much more attention to public relations than was the case until now. In addition, good PR is the only way to restore the reputation of the organization that it deserves.

## **PR MANAGER DUTIES IN NGO**

It is undisputed that in all organizations, even in non-governmental, the existence of a statutory document is crucially, the document, which would include the area of debt, or turn to PR manager of the organization. Such a document would have to represents the main document for both, the PR manager, and/or PR team, and for the management of each organization. PR manager of each NGO must work to achieve the following tasks: planning, public relations (quarterly, annual, perennial, etc.), organizing public relations, communication with the environment, communication and establishing relationships with target groups, planning, sponsorship (contacts with potential sponsors), communicating with employees and volunteers, training and education to target groups, communication with the holders of public opinion and creating public opinion in terms of organization, creation and improvement of image and identity of the organization, establish and developing mutual understanding and trust within the organization and the problems of PR and, advising management of the organization on general issues, the position and image of the organization, monitor trends and gather information from

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<sup>272</sup> Cvetković Ljubiša : *Isto*, str. 28



the environment, organization of special events (press conferences, symposiums, forums, etc.), organization meetings with all stakeholders has (classical meetings, distance meetings, formal meetings, informal meetings, brainstorming meetings, etc.), enforcement activities of PR crisis in emergency situations, constant upgrading of knowledge, learning and development through participation in PR seminars, trainings and conferences, training of the PR team of the organization, cooperation with the PR managers of related organizations, lobbying, counseling, organizing and managing public relations, budget planning for public relations, control, evaluation and impact assessment of public relations. PR managers in non-governmental organizations is particularly significant profile because, among other things, they need to have the conceptual ability that allows them to see the real picture of the environment and the complexity of situations and events, and the ability to assess how the changes affect the organization, its image, mission and goals.<sup>273</sup> For cited tasks, all together, they make the job description of a PR manager and PR team of the organization, it is possible to see how complex are functions of PR in non-governmental organizations. We will not go wrong if we point out that the most important function in managing public relations within any organization or enterprise, and NGOs, is just a function of the planning public relations of PR manager. How detailed and well planning is done with such success will be realized the function of PR within an NGO. One of the best and most comprehensive method used by PR professionals around the world while planning of PR activities, it is certainly the SOSTAC analysis or method. This analysis is composed of six almost autonomous parts whose first letters form the name of the method:

**S - Situation Analysis.** In this step SOSTAC analysis and planning PR activities, analyze where are we now, what our environment is, and so on. Nearly always, this step entails the well-known SWOT analysis that examines and compares the internal strengths and weaknesses with external opportunities and threats.

**O - Objectives Setting.** This step determines the goals of PR activities, and determined what we want to achieve with PR activities. **SMART goals.** S - Specific, M - Measurable A - Achievable, R - realistic and T - time limited. Well-placed goals must be specific, measurable, achievable, realistic, and time-limited!

**S - Strategy.** When creating a strategy the most important thing to determine is the target audience that need to be converted, the main messages that they should be referred to and distribution channels through which they will be forwarded. As for NGOs, there are three main targets of the public that must not be omitted: users, members of the organization (staff,

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<sup>273</sup> Kotler Filip : *Upravljanje marketingom, II (analiza, planiranje i kontrola)*<sup>4</sup>, Mate, Zagreb, 2000., str. 45



volunteers, and the like.) and the media. Only later can be set further target audiences: stakeholders, local authorities, other NGOs, professional associations, foreign public, associations, and so on. According to different target audiences, messages that are defined must be clear, precise, two-way, and interesting. Let's say, the same message will not be sent to members of organizations and media. To formulate the most important messages it is necessary to take into account the content, structure, format, and source of messages. The target public also carries selecting communication channels. It's not different whether you will turn to public through organization newsletters or media. The main channels of communication are the main media (radio, newspapers, TV), marketing (exhibitions, sponsorships, marketing, direct mail), created PR medias (audio-visual, visits, internal publications, public performances) and of course, the Internet.

**T-Tactics.** Tactics must be in strict accordance with the previously defined strategy, objectives, messages, target audiences, and communication channels. It is a complete operational and tactical plan. When tactizing, you answer the questions who, when, what it has taken, and how much is the budget. In defining of tactics, it is important first to determine the phase of the campaign. How many will be, how long, and framework of action to be planned within those stages. Tactic is the intensity of the campaign.

**A-Activities.** Activities or actions represent the specific steps you will undertake in a given time, with particular human resources in a specific location within a certain budget. Most important for PR managers is to prepare for this stage its „to do“ list. These activities can be put in the phases that are specific in defining tactics. When thinking about the activities it is necessary to bear in mind the rule, „Think out of the box.“ This should organize brainstorming and creative thinking on a variety of actions ranging from classic press conferences all the way to creative and unusual event promotion. It is necessary to think about the external and internal events, the people who need that technique, how much the budget will be and in what time. Every action must have a specific objective that is consistent with the objective projected during the planning. This is the most dynamic phase of SOSTAC analysis.

**C-control.** The last, but no less important stage of this analysis, is the control of the test results. There should be some parameters that need to be measured and subjected to control. First, to determine what should be measured to know that we have been successful. It should also be set up things so it could clearly be seen when we reach our goal. With the realization of set target, it can be considered that our PR activity was successful.



## RESUME

Obviously, public relations are the business, which includes a number of specific activities to be carried out continuously. It is a profession with a recognized status and important role in society. A large number of case studies show that organizations that regularly invest in public relations achieve high performance in work and achievement of its objectives. Therefore, it is necessary to pay much more attention to public relations than it was the case until now. Probably the most important function in managing public relations within any organization or enterprise, including non-governmental organizations, is planning of public relations. How detailed and well planning is done, will be realized the very function of PR within an NGO. In the non-governmental organizations in particular should be a significant the PR manager profile. Among other things they should have so-called „conceptual ability“ that allows them „to see the big picture in the environment“, or the complexity of situations and events, and assess how the changes affect the organization, its image, mission and goals. Based on the aforementioned profile of PR managers in NGOs following can be concluded: that for the successful performance of public relations the staff of a special profile are essential, that PR staff should have specialist knowledge in the field of communication, and general knowledge (in economics, psychology, sociology, journalism, etc.), that personal staff of public relations „blends“ different types of people. According to famous Swiss psychologist, Carl Gustaf Jung, those are reflective, intuitive, sensual, and sensitive type of people. If one takes into account the complexity and diversity goals of PR activities in non-governmental organizations, which should meet these objectives, the conclusion can only be one, and this is that profile of public relations staff must be multidimensional.

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## ELECTION CAMPAIGN IN POLITICAL MARKETING

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### **Abstract:**

*This document provides basic facts regarding planning, strategic planning in a political appearance. The success of political party largely depends on its election campaign and ways of managing. In these activities, planning has a special function. The author defines a few basic points that must be followed when planning the election campaign. There is no magic recipe for successful political appearance, but we can say that basic theoretical guidance must be followed.*

### **Keywords:**

*political parties, a plan, strategy, successful performance*

## **INTRODUCTION**

Today we live in a world of democracy, free expression of opinion in all segments of life, including political sector. We are witnessing the emergence of different political parties, which, each separately, organize its own programs, represent them, and implement. However, often the question "Why are some parties almost always winning or at least they record a significant number of votes" arises. Of course, it has many things with the party leaders; however, much depends on the professional conducting of the election campaign. Political, party, and electoral sphere is reduced to the professionalism, knowledge, professional training, education, and training. This document will be given no magical solution to an enigma of election victories, nor it will clarify the procedures of so-called electoral engineering, but it will show how, in which areas, with access to the masses, which features the psychological characteristics, influence the masses and their decisions during political elections - in the first place election campaign. As in all spheres of human life, success in politics, and elections, requires not only talent, good wishes, clean history, and moral principles. Many factors operate in these circumstances and need to find the proper balance and direct them towards the desired goal.

## **ELECTION CAMPAIGN IN POLITICAL MARKETING**

In developed democracies, the idea of politics, including elections, has been significantly altered. Policy, its management, performance, campaigns, elections, party and parliamentary



business, it is an achievement of responsibility, morality, integrity, and knowledge and training. Of course, it is not necessary highly skillful and political education for political careers, even though it often has. However, for the average citizen and political activist, some findings, information, and communication are essential prerequisites. Particularly for political leaders, activists and organizers, communicators, the experience is necessary, education, but adherence to professional standards and procedures already taught in theory, sociology, and psychology of politics.

Active participation in the elections and active organizing of their political management and marketing requires:<sup>274</sup>

- Resources of the election campaign,
- Strategy for participation in the elections,
- Planning of the campaign,
- Techniques of communicating with electors,
- Managerial techniques and tools

One of the key activities of successful performance of the political appearance is election campaign, planning of campaign, more about this further in the document. If we make a walk through the terminology valley in the concept of "planning", we will conclude that "planning is the process of conscious evaluation of inter-related decisions and policies before we go into action" (Guy Benveniste), and also that this is "a process through which scientific and technical knowledge are merged in an organized action" (Johan Friedman) and "an attempt to facilitate decision making and to make it more realistic and rational" (Abraham Kaplan). Success (achieving goals) in the election campaign depends on planning.

We need to plan tactics and strategies to achieve the set goals. However, you also need to plan and all other activities that can go wrong. Many management scientists speak of "primacy" and "penetration" of planning.

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<sup>274</sup> Dean, D., Croft, R., *Friends and Relations: Long-term Approaches to Political Campaigning*, European Journal of Marketing, Vol. 35, N. 11/12, pp. 1197– 1216.



Planning is primarily (in the election campaign) because it is the base on which rests all the actions, activities, and tasks to be performed. Planning is penetrating because it is the activities they need to engage all levels of organization and management in a political party (the organizer of the election campaign) - from top to bottom. Planning is more than predictions of the future. In essence, this is the true way to arrive at the future (if you are on the wrong path no matter how fast you move, wherever you arrive, – you will certainly miss the finish). Therefore, planning, above all, implies a goal, and taking bearings and moving in line works with it to achieve the goal. Planning is a “useful tool”, to overcome the contradiction in the shift towards the future.

## **STRATEGIC PLANNING DURING THE POLITICAL APPEARANCE**

There are various definitions of strategic planning. Michael Allison and Jude Kaye in the book *Strategic planning in nonprofit organizations* (1997) gave two basic definitions. “Strategic planning is a managerial tool and, like many others, is used for better execution of tasks in the organization.” Then they gave an elaborate definition, which includes some of the key aspects of this type of planning. “Strategic planning is a process through which organizations are building their own priorities - while building security relations of interested parties - which are basic to its mission in response to the environment in which they work.”<sup>275</sup>

As noted above, political organizations have one aspect that makes them different from others - their values - which can be the main difference in relation to for-profit organizations. When using some of the managerial tools, borrowed from the commercial sector, it is necessary to have access to the values of the organization in making any decisions. The most important thing when applying commercial business tool in the public sector is certainly ensuring that it does not violate the organizational values and principles. Since 1950, onwards, successful organizations in the world have begun to transform the long-term planning for scientific and efficient, i.e. strategic planning. The benefits of this strategic approach to the planning process is important, both for large as well as for small and medium organizations, not only in ensuring their survival, but also for their growth and development. Successful planning process and its necessity in achieving the objective of the organization is best represented by the testimony of Edison Montgomery “The successful planning - a clear definition of objectives, defining methods for the movement of all parts of the organization towards the goal, carefully watching the progress - the basis for a successful organization.”

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<sup>275</sup> Bartle, J., Griffiths, D., *Social-Psychological, Economic and marketing Models of Voting Behaviour Compared*, in N. J. O’Shaughnessy and S. C. Hennenberg (Eds.) *The Idea of Political Marketing*, Praeger, Westport, pp.19–37.



Activities before the start of the campaign:<sup>276</sup>

- Exploring the situation in the country and in the political arena (three months before the start of the campaign);
- Deciding what kind of campaign will be conducted (two months before the start of the campaign);
- Strategy for a performance in the campaign (two months before the start of the campaign);
- Writing and approving of the voting campaign (one month before the start of the campaign);
- Provision of financial resources and budget for the campaign (one month before the start of the campaign);
- Establishing headquarters (central, regional, and municipal) of campaign (two weeks before the start of the campaign);
- Selection and training of volunteers (one month before the start of the campaign)

Activities during the voting campaign:

- Preparation of CVs of candidates and promotional material related to them (from the first day of the campaign until the end);
- Signing a list of candidates for certain election dates (on the terms of the state election commission);
- Preparation of the list of candidates for voting committees and the election commission (on the terms of the state election commission);
- Plan for public relations (one month before the start of the campaign through to its completion);

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<sup>276</sup> Bannon, D. P., *Relationship Marketing and the Political Process, Paper presented at the Political marketing Conference 2003*, London, pp.93,



- Media-plan for the appearance in printed and electronic media (two weeks before the start of the campaign through to its completion);
- Development of forms for the campaign - for registration of candidates for election monitoring, to sum up the results of the analysis and assessment (one week before the start of the campaign);
- Research the rating of candidates and parties (at the beginning of the campaign two weeks before the end of the campaign);
- The program for the performance of candidates - in electronic and printed media, as well as contact with the voters (one week before the start of the campaign);
- Programs executing "door to door", "telephone tree", "street campaign, sending mail to voters (one month before the start of the campaign);
- Printing and distribution of promotional materials (from the beginning to the end of the campaign);
- Printing and distribution of promotional material (during the campaign);
- Opening the office and its functioning during the campaign (the first day of the campaign through to its completion);
- Activity plan for Election Day (two weeks before the election)

Activities after the campaign:

- Summarizing the results of the campaign (one day after the campaign);
- Submission of legal remedies (in accordance with the legal terms);
- Analysis and rating of achieved success (failure) (two weeks after the campaign);
- Report on participation in elections (one month after the campaign);
- Composing of all documentation and the formation of a "data bank" for the next elections (two months after the campaign);
- Thanking and recognition to all participants in the campaign and voters (one week after the campaign)



## RESUME

It is important to note that few people have time and strength to write a campaign plan clearly within all the rules. The best way is to "break down" the campaign into sections and to begin with the assessment of resources and their preparation and after that to start thinking about strategy. Then it is important to outline the key elements of the plan and define who is responsible for what parts and their execution. Just writing the plan may take a long time. When the first draft is finished, it should be forwarded to key individuals in our team. When you write a plan, it is necessary to share the responsibilities to members of our team in writing. We can be sure that we will successfully monitor the progress of the campaign by setting a communication system and holding regular meetings.

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## RISK OF FOREIGN EXCHANGE RATE, HEDGING AND SPECULATIONS

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### **Abstract:**

*risk of foreign exchange or currency presents the risk of bank to realize losses in its business due to changes in foreign exchange rates. The risk of foreign exchange rate appears during the changes of foreign exchange rates when in assets and liabilities of bank are presented multi currency compositions. The factors of appearance the risk of foreign exchange rate can be: time exposure, balance exposure and economic exposure to risk of foreign exchange rate. To lessen the consequences of foreign exchange rate risk can be used the classical forms of protection or those of innovative character. The speculation is legal job of predicting the rates and the possibility of earning according to change of rate and hedging is the opposite operation of protection from the foreign exchange rate risk.*

### **Key words:**

*risk, rate, exposure, protection, speculation, hedging.*

### **INTRODUCTION**

In its business banks are faced up to numerous risks, among which the following are standing out: credit risk, liquidity risk, interest rate risk, currency risk and risks related to off-balance business (contingent risks). Most of these risks are caused by incompatibility of assets and liabilities. Banking risk presents the risk of negative deviation of value of open trading position on the base of daily close value (mark-to-market value) in bank portfolio which is the subject of trading during the period necessary for transaction to be liquid (closed).

Risk of foreign exchange or currency presents the risk of bank to realize losses in its business due to changes in foreign exchange rates. The risk of foreign exchange rate appears during the changes of foreign exchange rates when in assets and liabilities of bank are presented multi currency compositions, by which such kind of risk came to the fully expression by introduction of fluctuating (floating) foreign exchange rates in the beginning of '70s of last century. This risk is of great importance for banks doing business on global plan with multi currencies, ie. for international and multinational banks. Exposure of the bank to such kind of risk supposes the

existing of net short-term or long-term open position in given currency. Bank has short-term position when its foreign exchange liabilities are bigger in relation to foreign exchange assets, and long-term foreign exchange position when its foreign exchange assets are bigger from foreign exchange liabilities. The factors of appearance the risk of foreign exchange rate can be: time exposure, balance exposure and economic exposure to risk of foreign exchange rate.

### TERM OF FOREIGN EXCHANGE RATE RISK

Foreign exchange or currency risk is risk of loosing on balance and off-balance positions which appears due to changes of foreign exchange rates. Mostly is defined as potential loss on open foreign exchange position (by assets and liabilities in foreign currency) in case of sudden change of, from the point of view of presented currency, currency rate to which the foreign exchange position is addressed. Variation in incomes arise from indexing of revenues and expenditures of foreign exchange rate or change in value of assets and liabilities in foreign currencies. The classic means of protection from currency risk are accommodating to interest rate and currency risk. For market transactions, foreign exchange rates of assets present sub items of market parameters, so the techniques related to other market parameters are also implemented.

**I Chart** *Dinar exchange rates against currencies in Europe 2010.*



Serbia

- 9,6

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Hungary

- 2,2

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Romania

- 0,9

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Macedonia

- 0,7

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Croatia

- 0,5

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Albanian

- 0,4

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Ukraina

+ 10,3



Turkey  
+ 8,9

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Czech Republic  
+ 8,0

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Poland  
+ 4,6

---

Russia  
+ 1,9

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BIH  
exchange rate                      fixed

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Ending with 18.10.2010.

Source:( [www.pressonline.rs](http://www.pressonline.rs), Dinar exchange rate in 2010., Downloaded on 31.01.2011.)

Dinar weakened the most against euro in 2010. from all European currencies! Domestic currency lost even 9,6 percentage of value, while far away behind are Hungary forint (2,2 percentage), Romania leu (0,9 percentage) and Macedonia denar (0,7 percentage). Data is related to first ten months of 2010, but there is almost no difference regarding the whole year.

### **Kinds of foreign exchange exposure**

Considering that the foreign exchange exposure appears when corporation has transactions denominated in foreign currency or currencies, when has net assets or liabilities outside the country in some other currency which should be translated (translation) into domestic currency, as well as when exist the perception of future strikes of foreign exchange rate to selling and productive function of corporation, we differ three kinds of foreign exchange exposure: transactional exposure, translated exposure and economic exposure.

### **Transactional exposure**

This exposure appears only when exist time coincidence between "over-taking" liability and its payment.



The attributes of transactional risk are:

- disparity between currency in which price and currencies with shown expenditures are expressed,
- profits and losses are generated by differences between planned "rates" used at the time of determination of prices and rates realized during the payment, when the conversion is made from selling currency into expenditure currency. Profits and losses are differences between amount of risk converted, by planned rate and by actually realized rate,
- determining the time of currency conversion is very important if it is desirable to connect the items in currency which should be converted.

According to this, transactional currency risk can be defined as: the risk which can bring not to realize planned income in financial transactions in which selling price and expenditures are not in same currency, because of opposite changes in rate value related to rate used in determining the price and, ie., between the period of determining the price and payment of done service.

Banks, long-term orientated to do business on international market are constantly faced with this risk so this is one of the main its decision on which level they shall recognize transactional risk. Primarily it depends on kind of business dealing with and on instability of concerned currency.

### **Economic exposure**

Economic, future or expected exposure to foreign exchange rate risk considers future relative changes of currency prices, which could be influenced to effects of banking business in its nearer or further future. So, the essence of economic exposure to foreign exchange rate risk is brought down to risk exposure which results from real change of currency rate in relation to competitive currency or, which has the opposite effects on competitive expenditure, selling, profit and percentage share on the market. Important features of economic exposure to currency risk are: forming before economic transaction which usually determines if it will be done, connection with real, and not nominal changes of rates, generally speaking, that do not appear in financial reports, that can influence on domestic selling in domestic currency, that aims having different time ranges.

Overview of future effects of real foreign exchange rate changes is very important, but at the same time complex job of prediction from the side of economic subjects which are involved or want to be involved in international exchange. This job is of special importance for long-term arrangements such as establishing branch offices or subsidiaries abroad, then when it is necessary to estimate long-term economic and financial trends, and within them also effects of real foreign exchange rate changes. There are methods used for prediction of foreign exchange rate changes and they can be classified in two groups:



(1) econometric models with help of mathematical formula and

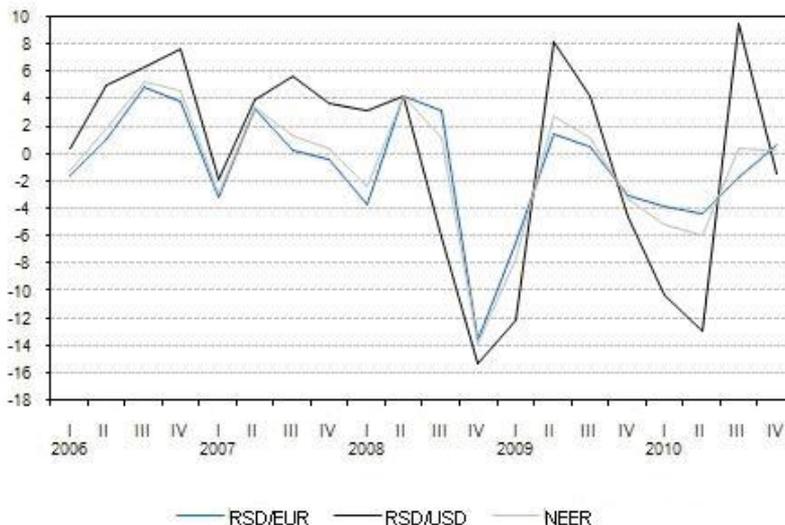
(2) subjective estimate of expert team or individual relative variables on movement of rate height.

Very important fact, that the economic exposure to foreign exchange rate risk is dynamic category, that it is hard to project and that presents the part of total foreign exchange rate risk. In this context, the adequate expert analytical approach is necessary for the concept of total foreign exchange risk by the side of bank's management team having in mind static as well as dynamic aspect of this category of bank exposure to risk.

### Moving of dinar rate in 2010

Dinar value in 2010. related to all leading world currencies nominally decreased, and mostly related to Japanese yen (25,8%) and Swiss franc (23,7%). Compared with the end of 2009., dinar depreciated to euro 9,1%. On 31. of December 2009. the rate was 95,8888 RSD/EUR, while at the last day of December 2010. was on level of 105,4982 RSD/EUR. Related to American dollar, dinar depreciated 15,8% during 2010.

### CHART NOMINAL DINAR RATE



Source: ([www.nbs.com](http://www.nbs.com), Nominal dinar rate in 2010., Downloaded on 01.02.2011.)



Considering that in 2010. dinar weakened related to dollar and also to euro, and that currencies make "basket" for calculation of indexes of nominal effective dinar rate (ponder for euro 80%, and for dollar 20%), that resulted with depreciation of this index of 10,5%.

Such movements in 2010., by domestic inflation rate of 10,3% and lower inflation rates in euro zone and USA (2,2% and 1,4%, respectively), conditioned depreciation of real dinar rate to both currencies, to euro of 1,8%, and to dollar of 8,3%. Real effective dinar rate in observed period depreciated 3,1%.

In fourth quarter of 2010., dinar value nominally increased related to euro and British pound, and decreased related to dollar, Japanese yen and Swiss franc. Compared with the end of third quarter, dinar nominally appreciated to euro 0,6%, while to dollar depreciated 1,5%. As the consequence of this, nominal effective dinar rate appreciated 0,2%, and real effective dinar rate, with domestic inflation rate (in fourth quarter) of 2,8% and inflation rate in euro zone and USA from 1,1% and 0,3%, respectively, for 2,1%.

## **HEDGING AND SPECULATIONS**

Beside commercial insurance motive from foreign exchange risk, which comes from foreign-trade transactions, participants on market use term trading also for insurance from foreign exchange risk which became from abroad investment (market value of investment can be, for example, decreased with change of rate) as well as the speculations on foreign exchange market. Risk of change foreign exchange rate especially is expressed in conditions of fluctuate foreign exchange rates. That risk is component of each foreign exchange transaction (transactional risk).

The foreign exchange rate itself, as parameter of equalization of two economy prices, suppose that in its movement is expressed a lot of factors, which effect can not be predicted for surely. Possible rate fluctuation (if we set aside the credit risk, country risk and transactional risk – risk of translation accounting reports from foreign to domestic currency) can doubly influenced to participants on market: some of participants will try to isolate the rate changes by different mechanisms of insurance – hedging, while other will try to get profit from rate movement, which is basically speculative behavior on foreign exchange market. (12) Participants on foreign exchange market can be protected from risk of change foreign exchange rate in many ways: by netting, limits of open positions, currency pull, derivative instruments (futures, options and currency swaps).

Netting is connection of incomes and outcomes of foreign exchange for the same currency, so there is no need to convert currencies one to another (translational rate risk avoids).



Currency Pool presents mechanism by which the participants via placement transfer currency structure of obtained assets on capital market to end users. In other words, fluctuation of currency rates (inter-currency relations) in which bank liabilities are expressed, are transferred to user of assets, no matter whether he use credit in one currency or many currencies (currency basket). In conditions of decrease or increase of one currency rate for longer period of time, currency pool can bring to great fluctuations in cash flow on credit base, or to gain/loss of credit user. The limits of open positions present the mechanism by which bank can control own liabilities and claims expressed in foreign exchange for shorter period of time or daily. Each foreign exchange transaction means for the bank creating of so called open position ( Open Position) in its foreign exchange balance. In other words, the range of its liabilities and claims expressed in foreign exchange changes the structure of foreign exchange balance related to opening balance, by which opens daily operations on foreign exchange market. Each buying of foreign exchange opens so called long position, and selling short position. If in conditions of long position the rate decreases, or in conditions of short position the rate increases, participants on foreign exchange market are in potential losses. In that case, each following selling, or buying means loss for the bank, until the position "closes" by transaction with opposite assets flow in the same currency. Because of that, most daily, bank dealers are limited with moving the open position within limits in order to stop accumulating of losses because of rate changes.

Speculations are legal job and, speaking freely, mean the observation by which we came to conclusion or belief that certain quick buying or selling of certain segment of market, innovation, goods, financial products, currency, real estate, ground and similar could bring to earning money in short period of time. Although having epithet of negative meaning, there are also attitudes that speculations contribute the market to be more efficient and liquid. Much of the trading on interbanking foreign exchange market is not done in purpose of client's need. Namely, important part of interbanking turnover by foreign exchange is of speculative character and comes from expectations of banking dealers that their evaluation of future rate is good and thanking to that they will make a profit for bank.

## CONCLUSION

Great international banks doing business on global plan, active on international foreign exchange markets, executing great number of spot and future foreign exchange transactions, using also currency swaps, have great open positions which are practically changing by the minute, and therefore have to pay great attention to manage the foreign exchange risk, which requires also corresponding IT support. The simplest is method of calculating net effective foreign exchange open position (inflow and outflow) by each currency (or key currencies), taking into consideration balance, as well as off-balance items, by financial instruments (principal and interest, derivatives). These banks, as well as banks which doing business on developed foreign exchange markets, usually use hedging as part of security strategy from foreign exchange risk.



To lessen the consequences of foreign exchange rate risk we may use the classical forms of protection or those of innovative character. Classical forms of protection are prompt or spot transactions and future or forward transactions of buying and selling of determined amount of foreign currency, harmonization of positions of foreign exchange currency assets and liabilities, etc.

Technological innovations are those which enable rapid transfer of funds and automated debiting and approval of account ( by which the time component in mutual payments is lessened or totally eliminated) and financial innovations in order to be protected from exposure to risk of foreign exchange rate such as „covering" (creating the flow of given currency in opposite direction from the flow which produces exposure to risk of foreign exchange rate in given period, which is used by export-import transactions and taking financial credits abroad) and „hedging" by financial derivatives (forward contracts, futures contracts, swaps and options), through the creation of two financial transactions with divergent result in the case of exchange rate changes.

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# BROWNIAN MOTION DEVELOPMENT FOR MONTE CARLO METHOD APPLIED ON EUROPEAN STYLE OPTION PRICE FORECASTING

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## **Abstract:**

*In forecasting values of random series (values of options and stocks in the future) Brownian Motion with Monte Carlo method is one of the technique for calculating results. This paper presenting mathematical techniques what are using in financial mathematics for predicting future values in discrete domain. Applied on forecasting values of European Style Option prices, this was powerful tool in the ages behind us, when precise calculating of future values was very important. Whole financial industry, known as Quant Finance was developed in the period from 1960 up to today.*

## **Keywords:**

*Brownian motion, Forecasting Option Price, Monte Carlo Method*

## **INTRODUCTION**

When on September 15, 2008 employees of Lehman Brothers started to flooding Times Square in New York, everybody in financial world in the USA saw some signs of crisis. But nobody expect that 10,000 employees will left building in 1585 Broadway, New York with the boxes with their personal things. Lehman Brothers were just the first in the queue of financial institutions who finished their business in USA financial market<sup>1</sup>. Not just Lehman Brothers, but top USA banks and financial institutions for more than four decades running business known as Hedge Funds. Behind that business was serious mathematics and statistics. Scientist known as a quants were specialists in programming, statistics, physics. The concept generally incorporates combinations of the following:



- forecasting value of the shares in the future
- buying and selling shares (options)
- monitoring competition

But, before we start let me introduce term European Style Options. In finance, the *style or family* of an option is a general term denoting the class into which the option falls, usually defined by the dates on which the option may be exercised. The vast majority of options are either European or American (style) options.

### **What is an Option?**

The idea of options is certainly not new. Ancient Romans, Grecians, and Phoenicians traded options against outgoing cargoes from their local seaports. When used in relation to financial instruments, options are generally defined as a "contract between two parties in which one party has the right but not the obligation to do something, usually to buy or sell some underlying asset". Having rights without obligations has financial value, so option holders must purchase these rights, making them assets. This asset derives their value from some other asset, so they are called derivative assets. Call options are contracts giving the option holder the right to buy something, while put options, conversely, entitle the holder to sell something. Payment for call and put options, takes the form of a flat, up-front sum called a premium. Options can also be associated with bonds (i.e. convertible bonds and callable bonds), where payment occurs in installments over the entire life of the bond, but this paper is only concerned with traditional put and call options.

### **Origins of Option Pricing Techniques**

Modern option pricing techniques, with roots in stochastic calculus, are often considered among the most mathematically complex of all applied areas of finance. These modern techniques derive their impetus from a formal history dating back to 1877, when Charles Castelli wrote a book entitled *The Theory of Options in Stocks and Shares*. Castelli's book introduced the public to the hedging and speculation aspects of options, but lacked any monumental theoretical base. Twenty three years later, Louis Bachelier offered the earliest known analytical valuation for options in his mathematics dissertation "*Theorie de la Speculation*" at the Sorbonne. He was on the right track, but he used a process to generate share price that allowed both negative security prices and option



prices that exceeded the price of the underlying asset. Bachelier's work interested a professor at MIT named Paul Samuelson, who in 1955, wrote an unpublished paper entitled "Brownian Motion in the Stock Market". During that same year, Richard Kruizenga, one of Samuelson's students, cited Bachelier's work in his dissertation entitled "Put and Call Options: A Theoretical and Market Analysis". In 1962, another dissertation, this time by A. James Boness, focused on options. In his work, entitled "A Theory and Measurement of Stock Option Value", Boness developed a pricing model that made a significant theoretical jump from that of his predecessors. More significantly, his work served as a precursor to that of Fischer Black and Myron Scholes, who in 1973 introduced their landmark option pricing model.



## **BROWNIAN MOTION**

Brownian motion (named after Robert Brown, who first observed the motion in 1827, when he examined pollen grains in water [2]), or pedesis (from Greek: πήδησις "leaping") is the assumably random movement of particles suspended in a fluid (i.e. a liquid such as water or a gas such as air) or the mathematical model used to describe such random movements, often called a particle theory. Brownian motion deals with the movement of solids from an area of high concentration to low concentration over a selectively permeable membrane.

The mathematical model of Brownian motion has several real-world applications. An often quoted example is stock market fluctuations. However, movements in share prices may arise due to unforeseen events which do not repeat themselves.

Brownian motion is among the simplest of the continuous-time stochastic (or probabilistic) processes, and it is a limit of both simpler and more complicated stochastic processes (see random walk and Donsker's theorem). This universality is closely related to the universality of the normal distribution. In both cases, it is often mathematical convenience rather than the accuracy of the models that motivates their use. This is because Brownian motion, whose time derivative is everywhere infinite, is an idealized approximation to actual random physical processes, which always have a finite time scale.



### After Brownian works

However, it was Albert Einstein (in one of his 1905 papers) and Marian Smoluchowski (1906) who independently brought the solution of the problem to the attention of physicists, and presented it as a way to indirectly confirm the existence of atoms and molecules. Specifically, Einstein predicted that Brownian motion of a particle in a fluid at a thermodynamic temperature  $T$  is characterized by a diffusion coefficient

$$D = k_B T / b \quad (1)$$

Where:

- $k_B$  is Boltzmann's constant
- $b$  is the linear drag coefficient on the particle (in the Stokes/low-Reynolds regime applicable for small particles).

As a consequence, the root mean square displacement in any direction after a time  $t$  is

$$\sqrt{2Dt} \quad (2)$$

At first the predictions of Einstein's formula were seemingly refuted by a series of experiments by Svedberg in 1906 and 1907, which gave displacements of the particles as 4 to 6 times the predicted value, and by Henri in 1908 who found displacements 3 times greater than Einstein's formula predicted. But Einstein's predictions were finally confirmed in a series of experiments carried out by Chaidesaigues in 1908 and Perrin in 1909. The confirmation of Einstein's theory constituted empirical progress for the kinetic theory of heat. In essence, Einstein showed that the motion can be predicted directly from the kinetic model of thermal equilibrium. The importance



of the theory lay in the fact that it confirmed the kinetic theory's account of the second law of thermodynamics as being an essentially statistical law.

## GEOMETRIC BROWNIAN MOTION MODEL

Geometric Brownian Motion time series are the most simple and commonly used for modeling in finance. Consider the formula:

$$x_{t+1} = x_t + \text{Normal}(\mu, \sigma) \quad (3)$$

It says that the variable's value changes in one unit of time by an amount that is Normally distributed with mean  $\mu$  and variance  $\sigma^2$ . The Normal distribution is a good first choice for a lot of variables because we can think of the model as saying (from Central Limit Theorem) that the variable  $x$  is being affected additively by many independent random variables. We can iterate the equation to give us the relationship between  $x_t$  and  $x_{t+2}$ :

$$\begin{aligned} x_{t+2} &= x_{t+1} + \text{Normal}(\mu, \sigma) \\ &= x_t + \text{Normal}(\mu, \sigma) + \text{Normal}(\mu, \sigma) = x_t + \text{Normal}(2\mu, \sqrt{2}\sigma) \end{aligned} \quad (4)$$

and generalise to any time interval  $T$ :

$$x_{t+T} = x_t + \text{Normal}(\mu T, \sigma\sqrt{T}) \quad (5)$$

This is a rather convenient equation because

- a) we keep using Normal distributions, and
- b) we can make a predictions between any time intervals we choose.



The above equation deals with discrete units of time but can be written in a continuous time form, where we consider any small time interval  $\Delta t$ :

$$\Delta x = \text{Normal}(\mu\Delta t, \sigma\sqrt{\Delta T}) \quad (6)$$

The Stochastic Differential Equation (SDE) equivalent is:

$$dx = \mu dt + \sigma dz$$

$$dz = \varepsilon\sqrt{dt} \quad (7)$$

where  $dz$  is called a generalised Wiener process called variously the 'perturbation', innovation', or 'error', and  $\varepsilon$  is a Normal(0,1) distribution. The notation might seem to be a rather unnecessary complication, but when you get used to the SDEs they give us the most succinct description of a stochastic time series. A more general version of the above equations is [5]:

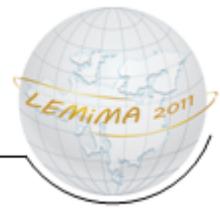
$$dx = g(t) dt + f(t) dz$$

$$dz = \varepsilon dt \quad (8)$$

where  $g$  and  $f$  are two functions. It is really just shorthand for writing:

$$x(t) = \int_0^t g(\tau) d\tau + \int_0^t f(\tau) dz(\tau) \quad (9)$$

The equation  $x_{t+1} = x_t \text{Normal}(\mu, \sigma)$  allows the variable  $x$  to take any real value, including negative values, so it would not be much good at modelling a stock price, interest rate or exchange rate for example. However, it has the desirable property of being memory less, i.e. to make a prediction of the value of  $x$  some time  $T$  from now we only need to know the value of  $x$  now, not anything about the path it took to get to the present value. We can model the return of a stock:



$$\frac{dS}{S} = r = \mu dt + \sigma dz \quad (10)$$

or

$$dS = \mu S dt + \sigma S dz \quad (11)$$

There is an identity known as *Itô's lemma* which says that for a function  $F$  of a stochastic variable  $X$ :

$$dF = \frac{dF}{dX} dX + \frac{1}{2} \frac{d^2 F}{dX^2} dt \quad (12)$$

Since  $dS/S = d(\log[S])$  we can rewrite, using  $F(S) = \log[S]$ :

$$\frac{dS}{S} = \left( \mu - \frac{\sigma^2}{2} \right) dt + \sigma dz \quad (13)$$

Integrating over time  $T$  we get the relationship between some initial value  $S_t$  and some later value  $S_{t+T}$ :

$$S_{t+T} = S_t \exp \left[ \text{Normal} \left( \left( \mu - \frac{\sigma^2}{2} \right) T, \sigma \sqrt{T} \right) \right] = S_t \exp[r_T] \quad (14)$$

where  $r_T$  is the return of the stock over the period  $T$ . The  $\text{Exp}[ \dots ]$  term in this equation means that  $S$  is always  $>0$  so we still retain the memoryless property which corresponds to some financial thinking that a stock's value encompasses all information available about a stock at the time so there should be no memory in the system.

The return  $r$  of a stock  $S$  is the log of the fractional change in the stock's value. For stocks this is a more interesting value than the stock's actual price because it would be more profitable to own 10 shares in a \$1 stock that increased by 6% over a year than 1 share in a \$10 stock that increased by 4%, for example.

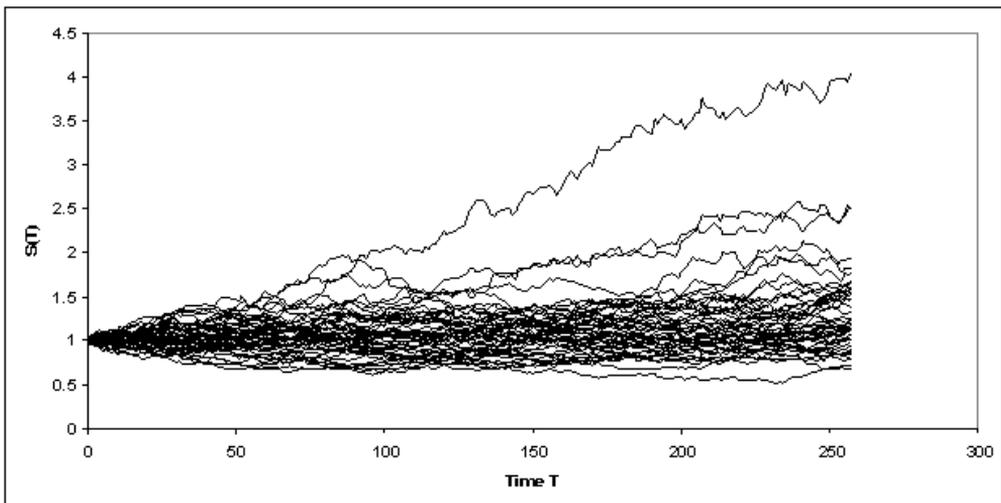
**This last equation is what we call the GBM model:** 'the 'geometric' part comes because we are effectively multiplying lots of distributions together (adding them in log space). From the definition of a Lognormal random variable, if  $\ln[S]$  is Normally distributed then  $S$  is Lognormally distributed, so Equation for  $S_{t+T}$  is modelling it as a Lognormal random variable. From the Lognormal E equations you can see that  $S_{t+T}$  has a mean given by:

$$E(S_{t+T}) = S_t \exp[\mu T] \quad (15)$$

hence  $\mu$  is also called the exponential growth rate, and a variance given by:

$$V(S_{t+T}) = \exp[2\mu T](\exp[\sigma^2 T] - 1) \quad (16)$$

The spread of possible values in a GBM increases rapidly with time. For example, the following plot shows 50 possible forecasts with  $S_0 = 1$ ,  $m = 0.001$  and  $s = 0.02$ :



**Figure 2.** 50 possible forecasts with  $S_0 = 1$ ,  $m = 0.001$  and  $s = 0.02$



## CONCLUSION

In financial forecast we using following simple formula, what is derived from equation 16:

$$S_t \sim S_0 \exp \left( \left[ \mu - \frac{1}{2} \sigma^2 \right] t + \sigma \sqrt{t} N_{0,1} \right) \quad (17)$$

$S_0$  - Initial value at  $t=0$  of geometric Brownian

$S_t$  - Value of geometric Brownian motion at time  $t$

$\mu$  - Drift term

$\sigma$  Volatility

$N_{0,1}$  - Random sample from a normal (Gaussian) distribution with mean 0 and standard deviation 1

Using formula (17) we can calculate discrete values for Brownian motion. In addition with Monte Carlo Method we easily can generate values for certain amount of days. This formula is good tool for calculating options and shares in stock exchange, as well as future values of random series.

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## SIMULTANEOUS MEASUREMENT OF PRODUCTION COSTS

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### *Summary:*

Focus of our article is a need of production management to dispose with information regarding the costs efficiency of a production. For this purpose the initial data need to be supplemented by additional parameters, which are able to explain or to measure the impact of technical inefficiency on the production costs. The traditionally used cost model, based on the application of average production and cost functions, provides inaccurate information on cost aspects in the production. In economic theory therefore a model of production and costs frontiers or marginal production and cost functions is used, which overcome the main disadvantages of averaging.

### *Keywords:*

*technical efficiency, costs efficiency, production management*

## INTRODUCTION

Recent trends indicate that, in general, many manufacturing systems are not performing as intended, so far as cost efficiency in terms of their operation and support is concerned. They often operate at less than full capacity, and furthermore at low productivity, and consequently at higher production costs. Therefore, industry has initiated various approaches to quality and productivity, which can compensate the productivity losses due to technical inefficiency (Vollmann et al., 2005).

This approach has its origin to a maintenance program used in the late 1960' by Nippondenso, a Japanese manufacturer of automotive electrical parts. In the 70', TPM approach was successfully implemented in many Japanese plants. Today, TPM approach is one of the prominent paradigm driving manufacturing improvements and it is a critical adjunct to lean manufacturing (Veen-Dirks, 2005, Vollmann et al., 2005). Many successful implementations in



production companies, especially from the field of electronics, are reported in the literature (Chan, 2005).

TPM is aimed at contrast to traditional PM to maximize the efficiency of production system in an overall manner: continuous improvement of product quality, as well as operational efficiency and capacity assurance, depends on both production and maintenance activities. Measurement is an important requirement of continuous improvement processes. From a generic perspective, TPM can be defined in terms of Overall Equipment Effectiveness (OEE) which in turn can be considered a combination of the operational maintenance, equipment management, and available resources (Waeyenbergh and Pintelon, 2002). According to Nakajima (1988), OEE measurement is an effective way of analyzing the efficiency of a single machine or integrated manufacturing system.

OEE is a good way for looking at a single machine's performance. However it does not really say how the entire plant is performing. It says how the plant is performing based on how much each machine was scheduled to run but not based on how machines are utilized in the plant. As such it is using also as one of the important key performance indicators (KPI) in manufacturing companies (Ahmad and Dfar, 2002). The main disadvantage of this measure is that it does not say anything about if the plant makes a profit or not (Högfeldt, 2002).

## **COST FUNCTION**

Following the economic theory the production function is given as a mathematical function, which relates the production costs with the amount of production. Costs are therefore functionally related to the production, consequently the specification of the costs function depends on the specification of production function. The production function is defined also as a mathematical function that relates the amount of production with the amount of used production factors. To make the systematic relationship between the production function and the cost function let us suppose that an enterprise produces only one product. Total costs of production of the given amount of this product are defined as:

$$c = \sum_{i=1}^n p_i \cdot x_i, \quad [2]$$

Where the variable  $c$  measures the production costs, the variable  $p_i$  measures the price of the  $i$ -th production factor and the variable  $x_i$  measures the used amount of  $i$ -th production factor. Following the definition, the amount of total costs is determined by the changes in prices of production factors and by the amount of used production factors. If we assume that an enterprise can not influence the price level, the only way for cost management is by control of the used amount of production factors. As we described above, the technical relationship



between the amount of production  $y$  and the amount of used production factors  $x$  is given with the production function:

$$y = f(x_i) \cdot \varepsilon, \quad [3]$$

Where  $\varepsilon$  is the parameter of the technical inefficiency, which must be in the interval  $[0,1]$ . The parameter of technical inefficiency measures the deviation of the actual amount of production due to its potential level. If the actual amount of production equals the potential amount, then the production is fully technically efficient and the value of the technical inefficiency parameter  $\varepsilon = 1$ . In the opposite case the value of  $\varepsilon$  approaches to 0 if the level of technical inefficiency rises. Since production is the technical process we can at every time point measure its amount and the amount of used production factors, where the amount of used production factors per unit of product is measured with the so-called production coefficient:

$$y_i = \frac{x_i}{y}; \quad [4]$$

It measures the amount of  $i$ -the production factor needed to produce one unit of final product. The inverse value of the production coefficient is the so-called average productivity of  $i$ -th production factor:

$$\bar{y}_i = \frac{y}{x_i}; \quad [5]$$

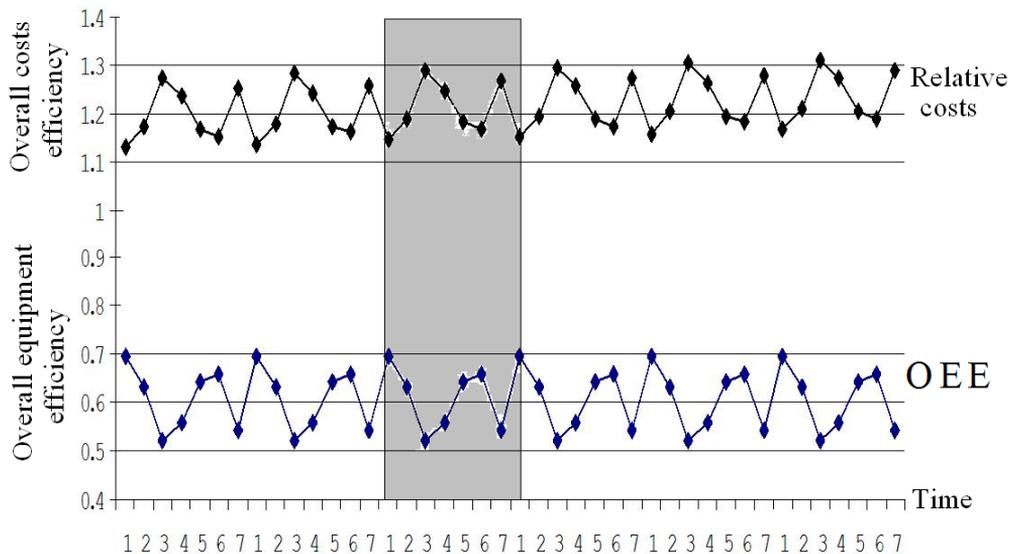
This is a measure of the amount of final product produced by one unit of  $i$ -th production factor used. On the basis of equations we can directly obtain the impact of technical inefficiency on the average productivity, and furthermore by using the equations we can analyze the impact of inefficiency on the production costs. The relationship is the following one: if the actual average productivity is below its potential level then for producing a unit of final product we need more production factors than in the case of fully efficient production, and the rise of used production factors is connected with the growth of production costs. Hence, technical inefficiency lowers the amount of production and accelerates growth of production costs. This also indicates the inverse relationship between the production and the costs functions: if the average productivity rises, then average costs diminish and vice versa. Factors which cause the technical inefficiency do change in time, although their power, which becomes obvious through changes in value of technical inefficiency parameter henceforth,  $\varepsilon$  is actually the variable not the constant. The dynamic property of the  $\varepsilon$  enables us to develop a model aimed at simultaneous measures of costs changes due to the changes in technical inefficiency. And, as we discussed earlier, all



factors and the extent of technical inefficiency are also measured by using the TPM framework. Therefore via the technical inefficiency term  $\varepsilon$  it is possible to restore a systematic relationship between the TPM and the frontier production and costs functions.

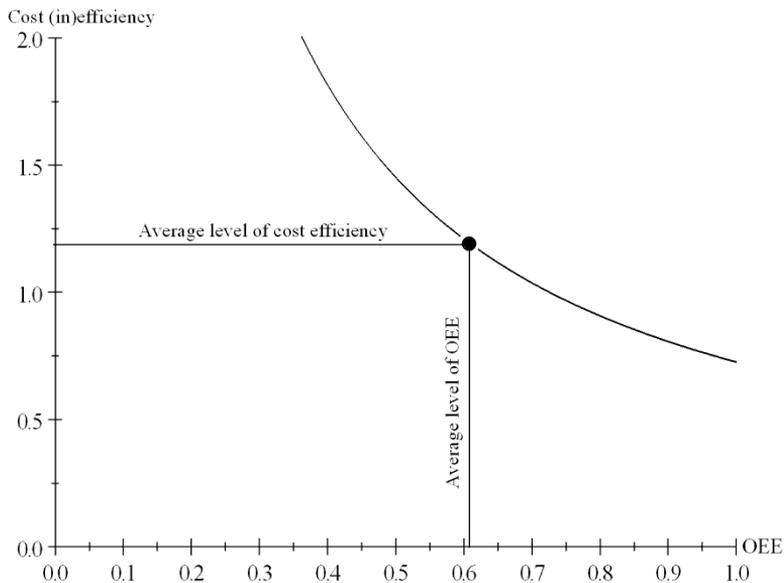
### EMPIRICAL SIMULATION

Following the basic equations specified above, we conduct initial empirical analysis and test the relationship between technical and costs efficiency. We measure technical and costs efficiency simultaneously in 6 weeks period (see figure 1 below).



**Figure 1:** Technical and costs efficiency

Following the obtained results, the fundamental microeconomic relationship is confirmed – when parameter of technical efficiency decreases, parameter of costs efficacy increases. This is also established in Figure 2.



**Figure 1:** Relationship between technical and costs efficiency

The relation between technical and cost efficiency is systematic and inverse, but nonlinear.

Mathematically this relationship fits the equation  $y = \frac{1}{x}$ , where  $y$  measures costs

(in)efficiency via relative costs, and  $x$  measures technical (in)efficiency via OEE. However, this only holds in a very limited case (you should take into account that we provide this evidence only on the basis of a few observations), but irrespective to this fact we can conclude that the relationship between technical (in)efficiency and costs (in)efficiency can be measured on the basis of the following equation:  $y = ax^{-1}$ .

## CONCLUSION

The broader research focus of the paper is the problem related to efficient production costs management, which is one of the central activities of product management within the enterprise. The efficiency of the production can be improved in several manners; too often reallocation of production plants is used to economies with inexpensive labor costs. Due to this fact the European and Slovenian processing industry has been losing traditional competitive advantages, which significantly reduces the potential for long-term economic growth. A much better



alternative, which can potentially solve this problem, is to switch to a production using highly automated, flexible production lines (knowledge based lean production). The TPM framework together with the OEE methodology was developed in 1960 by Nakajima aimed in case of conductor production. The newest researches clearly indicating, that at least 95 % of enterprises obtain possibility for improving their production efficiency on the basis of unplanned standstills reduction. Simultaneous estimation of OEE is possible only in case when the production is fully automated. The basis for inefficiency measurement is namely the time and an appropriate IT supported production enables us to measure the value of OEE in real time that neither practical nor methodological problem. However, problematic is limited practicability of information about the OEE. This index namely only indicates the distance of actual amount of production with respect to the potential amount and also detects the basic causes for the inefficiency. But it does not relate the estimated technical inefficiency with the changes of production costs. There is a critical area to which extent it is possible to improve technical efficiency from the increasing of cost efficiency point of view. If technical efficiency is at 60%, the costs per one unit of the product are up to 50% higher than potentially the lowest (these are accessible with absolutely technical efficiency). If the technical efficiency is lower than 60% (up to 0%), the cost inefficiency increases exponentially. We can conclude that economic theory offers us an appropriate background to establish a systematic relationship between OEE and marginal production functions, and furthermore with cost functions. If we wish the frontiers model to turn to advantage, and implement it into OEE methodology aimed at simultaneous measuring of changes in production costs at a highly automated production line due to the various factors of inefficiency, we need the appropriate support of information technology (IT).

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## INTERNATIONAL RED CROSS IN CREATION OF HUMANITARIAN LAW

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**Ana Komljenović**

**Abstract:**

*In the history of the movement for the humanization of war, and therefore in the creating of international humanitarian law, the International Committee of the Red Cross based in Geneva had a striking role, and still has. This international movement has demonstrated significant activity, particularly in initiatives to complement the humanitarian rules, and respect for their creating.*

*The legal basis of action of the International Red Cross were, above all, national legal regulations, legal acts of the Committee of the Red Cross and the international legal regulations.*

**Keywords:**

*International humanitarian law, "Geneva law", Red Cross, Red Crescent, Red lion and Sun on a white background, Red Star of David*

### INTRODUCTION

Talk about international humanitarian law and humanitarian law in general, it is impossible not to show the very striking role of the ICRC in the development and creating of this right. It is a movement that makes set of different independents, in the work of independent societies. They are still connected, not administratively, but the objectives and principles on which they base their activities.<sup>277</sup> In this network, the International Committee of the Red Cross based in Geneva is the oldest organization that deals with the development and monitoring of the state of international humanitarian right. Five citizens of Geneva, one of whom was Henry Dunant, founded on 17 February 1863 the Committee of Five, who then called the International Rescue Committee wounded, and from 1880, it is called The International Committee of the Red Cross.

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<sup>277</sup> Today, the International Red Cross includes The International Red Cross and Red Crescent Societies. This international movement is made up of the International Committee of the Red Cross, International Federation of Red Cross and Red Crescent Societies, 186 internationally recognized National Societies of Red Cross and Red Crescent national societies of Red Star of David.



In the history of this great movement for the humanization of war, and therefore the construction of international humanitarian law in armed conflicts, it is worth mentioning that the said committee was formed by private individuals - citizens of Geneva, under the presidency of General Dufour, commander of the Swiss federal forces in the Civil War 1874. On 4 November 1874, the General issued proclamation to Confederate troops, who were under his command. "Confederalists, I entrust you to care of children, women, elderly, and the priests. Anyone who raises a hand against a harmless person dishonors himself and disgraces its flag. The prisoners and wounded are especially entitled to your respect and sympathy, because you were with them often in the same concentration camps." At the initiative of the International Committee to help wounded the conference was organized in Geneva on 26. October 1863 that brought together 36 representatives from 16 countries. On the Conference were adopted ten resolutions that make the founding charter of the Red Cross, which recommended the establishment of national societies to assist the wounded in armies in the war, and from 1880 is named the International Committee of the Red Cross. At the diplomatic conference in Geneva convened by the Swiss Federal Council, 22 August 1864, The Convention on improving the fate of military casualties in the war was adopted. This Convention, which had only 10 members, 12 countries have signed. Members of the International Committee of the Red Cross are Swiss, because it is considered that in this respect it belong to Swiss internal law, similar to the National Red Cross of their respective legal systems.<sup>278</sup> Traditionalism remains that in the fact that only Swiss are in the body, but all the national societies respect the authority, and personnel composition is justified by the fact that the Swiss were the initiators and activists for the adoption of conventions that were adopted in Switzerland and trying to preserve all the values of tradition (impartiality, humanity, etc.). Since the humanitarian conventions adopted in the Swiss city of Geneva, in gratitude for this right is sometimes called "Geneva Law". The legal basis for action is, above all, national legal regulations, legal acts of the Committee of the Red Cross and the international legal regulations. Countries give great importance to the international activities of this body. Otherwise, the functions of the International Red Cross are wide-ranging and significant. This body has demonstrated its activity, particularly in initiatives to complement the humanitarian rules, and respect for their construction.

The special role of this body is in times of armed conflict, when run many initiatives with the warring parties in order to establish peace and to respect the laws of war. Another important organization in the networking of the Red Cross is the National society of Red Cross. In fact, on the Conference held 1863 in Geneva, the decision on the establishment of the National societies

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<sup>278</sup> According to the Statute of the International Movement, the ICRC is authorized to recognize the national societies that are established. Without such recognition, the national society cannot be a member of the International Federation, or integral part of the International Movement.



of Red Cross was also made. The effect of these national companies is very interesting for each country. They have unique goals and therefore are solitary, but they carry out other humanitarian tasks in the country, not just in times of war. They are united on the world level in the organization of the International Red Cross. These societies are assisted financially by their states, because their role in managing peoples, health, natural disasters, and the like is immeasurable. Ever since the adoption of the Convention in 1864, the National Societies have been formed and states were accepting the initiative, because it was useful for the people. 29. November 1875 in Cetinje was founded Montenegrin Red Cross Society, and on 6 February 1876 was established the Serbian Red Cross for voluntary aid to wounded and sick. After the First World War, 25 December 1921, the Red Cross of the SHS Kingdom was established in Kragujevac. During the People liberation war, the decision of the National Committee of Liberation of Yugoslavia 9 May 1944 in Drvar, the Red Cross movement was reconstructed. The structure of the ICRC significant role has the International Conference of the Red Cross, which is a kind of World Congress, which involved representatives of national organizations, international forums of the Red Cross and representatives of States participating in the Geneva Conventions. These conferences held every four years discussing relations between the various segments of the organization, set up guidelines and the draft of Convention in international humanitarian law. Finally, there is a League of Red Cross, founded on 5 May 1919. It is a center for sharing experiences and documents and implementation of joint actions, particularly in the areas of health, preventing disease, and helping those in trouble.<sup>279</sup>

The tendency of a stronger connection between these organizations has long been felt. Many humanitarian actions would not succeed without a connection and solidarity. Therefore, it was necessary to organize these relations between various segments of the organization's offices, and that was done by adopting the Statute of the International Red Cross in 1928, when he formally established the existence of the organization as a unique. The importance of the International Red Cross has been recognized by the United Nations with the adoption of the resolution (1946) which recommends Member States to support the work of the Movement.

It is particularly important to point to the sign of recognition, "Red Cross". At the First Geneva Conference, as a sign of recognition in the military medical service the Red Cross on a white background was established. For countries with Islamic populations the Red Crescent symbol was adopted, due to religious reasons, because they thought that the cross is a symbol of Christianity. This sign in 1876 took Turkey, Syria, Jordan, and Iran and Egypt in 1929 adopted a sign of the Red lion and Sun on a white background, and today it is a Red Crescent. On the other hand, many countries with majority Muslim populations have adopted the emblem of the Red Cross, not a Red Crescent Societies (Albania, some African countries, etc.).

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<sup>279</sup> Today's name of League is the International Federation of Red Cross and Red Crescent Societies



14. January 2007, based on the III Additional Protocol a new sign that the international movement called "Red crystal" was adopted too. This sign provided Red Star of David to be built-in it, a sign that uses Israeli Red Star of David Society. The Red Cross was adopted in gratitude and respect for Switzerland, whose citizens were the initiators of human movement, and the flag of Switzerland is the opposite color scheme (white cross on red background). Otherwise, the duty of states is to protect this symbol from abuse, and penalties in national criminal legislation were provided.

## RESUME

International Red Cross is a humanitarian movement, which is a neutral intermediary in armed conflicts and riots providing protection and assistance to victims of international and civil wars and internal riots. This international movement has an important role in peacetime, assisting victims of natural disasters (earthquakes, floods, fires, etc.) participating in the fight against latent diseases by organizing information campaigns and education about health. International Red Cross is not only fighting against the consequences of war but also against the war. Its goal is to gather people under the sign of humanity and to create conditions for life that would allow the spread of true peace. The basic principles of the activity of the International Red Cross, which were adopted at the International Conference at Geneva in 1965, are humanity, impartiality, neutrality, independence, voluntary service, unity, and universality.

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## GENEVE CONVENTIONS

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**Abstract:**

*Geneva Conventions on Protection of War Victims of 12 August 1949, in legal terms, protect wounded, sick, and shipwrecked at sea, governing treatment of prisoners of war and protecting civil during the war.*

*Geneva Conventions were supplemented by two Protocols, of 8 June 1977 relating to the Protocol of Protection of Victims of International Armed Conflicts and the Protocol on Protection of Victims of Non-International Armed Conflicts.*

*Conventions are very extensive (429 articles), and beside text they have a number of annexes, model agreements, forms, etc. allowing warring parties enter into any additional agreements.*

**Keywords:**

*Geneva Conventions, Protocols, the international legal protection, armed conflict, the warring parties, the responsibility for violations of humanitarian law*

### INTRODUCTION

After World War II, the term international humanitarian law was established. In contrast to the Convention on Human Rights, which are applied in all circumstances, the mechanism of regulation on the protection of international humanitarian law was made for war situations, i.e. exceptional conditions. In this respect, international humanitarian law is a human right applicable to armed conflict. With all reserves, that norms of international humanitarian law are in many other sources, however, the four Geneva Conventions adopted in period 21 April - 12 August in 1949, are the main sources of international humanitarian law. These are the following conventions:



1. Convention for the Amelioration of the Condition of the Wounded and Sick in Armed Forces in the Field (Revised Convention of 1929)
2. Convention for the Amelioration of the Condition of Wounded, Sick and Shipwrecked Members of Armed Forces at Sea (revised Hague Convention of 1907)
3. Convention relative to the Treatment of Prisoners of War (revised Convention of 1929);
4. Convention relative to the Protection of Civilian Persons in Time of War

Geneva Conventions have been modified with two amendment Protocols of 8 June 1977:

- Protocol relating to the Protection of Victims of International Armed Conflicts, and
- Protocol relating to the Protection of Victims of Non-International Armed Conflicts.

These Conventions got the common name: the Geneva Conventions for the Protection of War Victims, regulating the status and rights of wounded, sick, and shipwrecked, land and sea armed forces, prisoners of war and civilians, which does not participate in armed conflict. International protection of these categories of persons came in the second half of 19<sup>th</sup> and the first half of the 20<sup>th</sup> century. The immediate cause of international law regulation of condition of the wounded was the Franco-Sardinian and Austrian war, the battle of Solferino (in northern Italy) in 1859. After the battle on the battlefield has left some 40,000 wounded and dead soldiers, who have largely been left alone, since the capacity of the Army Medical Corps who participated in the battle was small. On the battlefield was a Swiss citizen Henri Dunant, who, seeing the plight of the wounded organized local residents and help the wounded. In his book „Memory of Solferino“ from 1862, Dinan pointed to the issue of casualties and the need to regulate their protection at international level. His proposals were successful and led to the creation of the International Committee of the Red Cross in 1863 and the convening of an internationally active conference where the Geneva Convention was adopted for the Protection of the Wounded (1864), and then to the formation of national Red Cross societies. For his humanitarian work to Henri Dunant the Norwegian Parliament awarded the first Nobel Peace Prize in 1901. Geneva Convention from 1864 had only 10 members, but is set basic and relevant principles of protection of wounded and sick. Basic principles and protection are: the military wounded and sick from the moment of injury or illness, should not be intentionally exposed to fire and armed attack warring sides if they cease to participate in the fight, and as soon as the situation on the battlefield allow, they must take all measures to find and collect all the wounded, regardless of which side in the conflict belong, warring parties must heal and nurture the wounded and sick, regardless of whether they are members of his own or the enemy armed forces, the warring factions, if as a result of the war they are forced to leave the wounded and sick, they must, if military reasons allow, to leave to the wounded and sick part of its medical staff and materials to continue with their healing and nurturing. Convention governing



the status and protection of military health care, medical personnel, facilities, buildings and materials, as well as medical transports, giving them a privileged position. The Convention is supplemented and expanded. Patients belonging to the armed forces have received international legal protection in 1906 for the land warfare, and in 1907 for the naval war. Prisoners of war are protected by international law of 1907, by The Hague Regulations Respecting the Laws and Customs of War. World War I showed gaps in the current conventions, and after the war ended, their revision started. In 1929, two conventions were adopted: regarding the prisoners of war and the wounded and sick in the land warfare. The new revision of Convention followed in 1946, after the Second World War, which successfully completed in 1949 when they made earlier mentioned four Geneva Conventions. They are very extensive (429 articles), and beside of the text they have a series of annexes, model agreements, forms, etc. allowing warring parties to enter into any additional agreements.

The basic characteristic of the Geneva Conventions of 1949 is that they apply only in international armed conflicts, and the condition of their application is that a participant in the conflict has the status of combatant, i.e. that is a member of recognized belligerents.

However, the war armed conflicts after World War II, especially those that marked the anti-colonial struggle in which nations have fought for rights to self-determination, indicated that the upgrade should be provided for certain rules of humanitarian law. That was achieved by the adoption of Protocol II, in which in Article 1 provides that this Protocol supplements the article of the Geneva Conventions of 1949, and that applies to all armed conflicts not covered by Article 1 of Protocol I to the Geneva Conventions of 1949.

The provisions of Protocol II applies to all armed conflicts „that take place in the territory of high contracting party between its armed forces and dissident armed forces or other organized groups which, under responsible command exercise such control over part of its territory to enable them to carry out sustained and directed military operations and to implement this Protocol“ (Article 1 of Protocol II). This does not apply to internal disturbances, such as riots, isolated and sporadic acts of violence, and similar acts that are not armed conflicts (Article 1 of Protocol II).

Common Article 3 of the Geneva Conventions of 1949, and Article 4 of this Protocol shall be guaranteed the principle of human treatment at every opportunity and at every point with all persons affected by armed conflict without any discrimination based on the race, color, sex, language, religion and belief, political or other opinion, national or social origin, wealth, birth or other status, or any other similar criteria. Geneva Conventions also stipulate that parties in conflict should never provide less protection than the one that the Convention provides and that individuals cannot waive the protection under the Convention; prohibiting use of reprisals against protected persons and binding on to provide for criminal offenses that criminalize and punish the most serious violations of the Convention themselves all signatory countries in their national legislation.



They predict that the ICRC carrying out its humanitarian mission, monitor the application of the Geneva Conventions, and therefore often said that the International Committee, is a „guardian of the Geneva Conventions.“

## RESUME

Geneva Conventions on the Protection of War Victims (1949) opened a new cycle of international humanitarian law and created a precedent in its tradition. Namely, states are obliged to apply them in international armed conflicts, and they prohibit any discrimination based on race, color, religion, sex, status in the military or the state hierarchy, property, etc. Their main goal is humane treatment of everyone, especially to persons who by sickness, wounds, or because they laid down their arms or were arrested, lost her ability to defend themselves. Under the Convention, and further accentuated by the additional protocols, countries signatories are obliged to provide their national legislation and punish the most serious breaches of the Geneva Conventions. Finally, it should be noted that one cannot deny marking the anniversary of the Geneva Convention on the Protection of War Victims, but that anniversary and our perceptions of war events in former Yugoslavia since 1991 until now are the bitter reality, which showed that this conventions still not fully apply in addition to the fact that an organized system of criminal sanctions for violations of the Geneva Conventions is being formed.

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## THE NEW ROLE OF SCHOOLS IN THE RAPIDLY CHANGING WORLD

Bosiljka Koprivica, Vrbas

### **Abstract.**

*The main characteristic of modern times has changed. Knowledge is the change! The time between continuing and practical application of an idea is radically shortened.*

*The man who has gained a solid education thirty years ago, but remained on the acquired capital now is completely out of civilization and almost useless in most parts of the workplace, and so useless, or very little useful to themselves and society. Out of civilization as it threw out by radical changes in technology of work. At the time of permanent educational reforms, the time of change is a constant component of education.*

*Environment in which schools operate is substantially changed and educational work continues to proceed in a form that was introduced more than three centuries in the teaching practice. It does not mean that some elements will not stay in the new framework, but it means that they must bring innovations that significantly raise the quality of educational institutions.*

*The aim is to the need of educational institutions reform and streaming them to the future, which begun long ago in the developed countries.*

### **Keywords:**

*reform, education*

### **CHARACTERISTICS OF MODERN EDUCATION**

With the advent of information technology, we can say that on the horizon is gradual replacement of the current organization and implementation of learning new concepts and new technology. Schools, teachers, and students are in a very different information environment than a few decades ago. The school cannot remain in the traditional mode in which the teacher and the textbook are the only source of information. The role of the information environment is becoming increasingly relevant and important, and the school will be more modern and more successful if teachers fully understand that fact. Therefore, determining the main directions of development of education in the European Union laid the foundations of the changes and



reforms that are already set extraordinary results. Thus, for example, "In SWAD in 1945, in scientific-research activities were 100,000 people, and in 1980, were more than a million people. According to the latest figures today in the U.S. in the field of research activities more than two million people work<sup>280</sup>. Changes in the future is yet to come, except that they will be more radical and with much greater influence. The European Union has paved the way for further development of the education system, as follows:

European education should ensure and provide:

- Education of young people to enable them to create a positive and realistic self-image, which will be implemented in personal, social, and common conditions
- Preparation for life in a democratic society, including rights, fundamental freedoms, duties, and responsibilities of citizens and help young people with involvement in public life
- Preparation for life and work, which should provide a broad view of the operation, including insight into the nature and forms of work and work experience,
- Preparation for the cultural life of the young people had to find sources for personal enrichment and engage in spiritual, cultural, and historical heritage of scientific and preparation for life in a multicultural society.

In accordance with this set of development frameworks are appointed and general goals that should be targeted to European education. These are:

- Multicultural Europe. Development of the European dimension in education, promotion of foreign language teaching respecting cultural diversity in education
- Mobility in Europe. System development and recognition of equivalencies of qualifications, support youth exchanges and the exchange of teachers, pupils, students and administrators; the introduction of regulations that allow teachers to teach temporarily in other countries.
- Training for all. Measures against the declining of quality of schools, to reduce regional disparities, adequate training of disabled, equality of enrolling to high education institutions
- Skills for Europe. Achievement of high quality basic education, appropriate education in economic, technological, social, and cultural development. Development of all sectors of education, especially technical, vocational and higher education. Update of the content and

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<sup>280</sup> Vujčić, V.: "Menadžment ljudskog kapitala", Fakultet za turizam i hotelikjerstvo, Opatija 2004, str. 28



methods that would be adjusted to technological changes. Achievements of initial education and further professional of improving teachers.

These objectives and European integration processes imposed talks among European experts on specific issues of future education.

The objectives of the future European education can be specified as follows:

- Education for life, to participate in a democratic society, for cooperation in Europe, the promotion of talent, creativity, personal development, critical thinking, independent work, respect for values such as democracy and human rights, Christian and humanist values.
- Establishing of criteria for selection of content that should be based on the life experiences of students. The selection criteria should take into account the need for “lifelong learning”.
- Firmly connecting curriculum to the teaching practices in the classrooms. Motivation of teachers and the quality of their work is important for that.
- The introduction of common national core in programs. However, many other countries have a commitment to strengthen local autonomy and teaching in the program.
- Assessment and evaluation skills and student’s achievements is one of the key issues of quality education.
- Advocating for the introduction of a broad general education that includes native language, foreign languages, elements of mathematics and natural sciences, history, geography, philosophy and knowledge of religions and civilizations.
- Building in a “European dimension” in all subjects should illustrate cultural and intellectual heritage of Europe.

In terms of policies, it meant to guarantee everyone a chance to express its full potential, which has and to form itself as a responsible citizen who through its activities in its personal and professional lives can help strengthen social cohesion and democratic security.

## **SUCCESS OF THE SCHOOL**

Schools as an educational institution should provide knowledge, skills, and abilities of different subjects. In the above, it should be noted that knowledge could be acquired through life experience, learning outside of school, etc. It turns out that “only one man who used their knowledge to achieve personal and common goals gains dominance in the middle of it to where



belongs as an integral part."<sup>281</sup> In this way, the basic mission of each school shows, the resulting and other elements of the functioning of any educational institution.

The criteria to assess the quality of schools are different, and were heavily dependent on economic, social- political, cultural-social and other factors and influential forces. The criteria change over time, which means that what was in school normal before one or more decades, today is not true, or is less important. Notwithstanding the foregoing, it is considered that in the perspective of a successful school will be one that meets the following objectives, namely:

- Upbringing creative, open minded personalities by encouraging their intellectual, ethical and physical development
- Prepare an autonomous person capable of critical self-judgments and are in charge of civil liability
- Enables students to lifelong learning and self-education
- Educate students on the principles of universalism, retaining their cultural identity and respect for other people's features,
- Preparation of a tolerant people, who respect the needs and views of others to be willing and ready to resolve disputes in a democratic debate,
- organizing educational work based on individual preferences, needs of students, and enhances their individual skills,
- provides high quality tuition to all students successfully in order to timely complete their education,
- Professional, pedagogical and psychological, methodological, information and practical - prepared teaching staff is available who apply innovation and develop collaborative relationships with pupils,
- Organize teaching as an interactive process between teachers and students and students with each other, as a process of continuous and collective learning,
- Work on the curriculum which, besides the common content, have differentiated content according to the needs, interests and professional classes of students,

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<sup>281</sup> Radosavljević, M.: „Holistička tehnologija uspešnosti, FORKUP, Beograd, 2011. Str. 139



- Establish educational work according to curriculum that is constantly innovating in accordance with economic, technical, technological, cultural, and total social needs
- Offers educational and technical base necessary for successful implementation

School performance is determined by external and internal factors, where it should be noted that internal factors can be controlled, or may be affected by them. On the other hand, it should be noted that the external factors could influence, because they are outside the influence of the school administration. However, one should bear in mind that the school must create a favorable environment for their own development, especially since schools now have a powerful impact on all areas of life and work.

## **DIRECTIONS OF EUROPEAN EDUCATION DEVELOPMENT**

Education is the emancipation of man, a very functional instrument through which realizes the identity of the individual. Because of the importance of education, each state wants to define its concept and content, so individuals could accept the values and norms of the system in which they live through the most powerful instrument of social perceptions and forms of socialization.

Through education a feel for own culture, respect for the principles and solidarity develop. Minds and perspectives of the individual are shaped through education, regarding to processes in society and government system. All educational systems are based on knowledge of history and the history of society. Perhaps one of the most important assumptions is that through the education system the structure of society, family, and profession changes.

School means functioning of social system as a whole, and should be seen as part of a social system, and at the same time and as a system for acquiring knowledge, skills, and abilities. Therefore, it has all the characteristics of open and complex system, which can be well investigated by applying a holistic system technology.<sup>282</sup>

At the session of the European Council in Lisbon in 2000, was adopted the Memorandum on lifelong learning when many ministers, and top of the European Union accepted the concept of lifelong learning as a guiding principle of political strategy which causes the need for constant adaptation in a world of globalization.

The realization of lifelong education from preschool days, until the end of life is a very important factor in securing employment, economic development, democracy, and the overall advancement of society in a country. European ministers of education, who participated in a

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<sup>282</sup> O holističkom konceptu se može više videti u: Ž. Radosavljević i drugi: „Samoorganizacija“, FORKUP, Novi SaD, 2011. Str. 39-57



conference on education in Oslo June 2008, sent to all European countries a message on the principles of intercultural dialogue and respect for pointing out the challenges set before us and through barriers of ideas how the education policies and practices may face with this.

Scientific and technological progress in Europe in the last decade has been huge, because more intensive international cooperation increased migration and mobility of today's Europe made complex and diverse society, which makes it necessary that people from different ethnic, cultural, and religious backgrounds live together, not just near each other.

This is a cultural and moral challenge for which there is no technological solution and therefore requires a change in mentality. Ignorance breeds intolerance and that is why education plays a key role in promoting tolerance and respect, and this implies that education is not just about knowledge but also the value. Value is needed to develop the knowledge into wisdom.

In the conclusions of 28 May 2008, The European Council invited the European Commission to prepare a draft of comprehensive policy framework for multilingualism, because multilingualism is an essential tool for promoting intercultural dialogue. Certainly, we need to promote foreign language learning, including the larger technology for distance learning.

In most European countries, there is general belief that the democratically elected government has the right and duty to provide the conditions and financial resources necessary for the functioning of education. This means that the state has the right to form and change the state institutions of education, and that to each of these institutions a mission is assigned.

Equitable access to quality education is the basis for intellectual exchange. Education policies should aim to integrate children with different social and cultural backgrounds into mainstream systems of education and training without discrimination.

Teachers have a key role not only in the transfer of knowledge and skills but also skills and attitudes. Without teachers who are competent and dedicated in this area, few things can be achieved. Therefore, the continued development of teacher education in all countries is very important, because of the above depends on the acceptance of other parts of the society i.e. population.

It is necessary to foster diversity, but also our common values. Community of diversities means shared values and diverse cultural expressions. To contribute to development of tolerance and multi-cultural society we must also be willing to agree on our common values. That is why the "future of education depends on our ability to understand reality that our future students will face."<sup>283</sup>

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<sup>283</sup> Bauers, R., „O školama i obrazovanju“, u knjizi Dž. Bakingema i T.Varda: Whats next The experts guide, Harper Collins, 2008. p. 20



## RESUME

Educational system are considered a complex social and pedagogical process of thorough, deeper and longer-term changes related to education policy, social function and position of education, the position of students in the educational process, goals and objectives, the organization of the education system and its structural components; organization educational institutions; the contents of the program; pedagogical foundations of education, education and training of teachers, management and financing, as well as other aspects of education and schooling.

It seems that the future of education is in lifelong education, which is increasingly becoming the practice in developed countries. This system of education is going to change the current educational infrastructure. Accordingly, many scientists, if they are not taught in a short time will become ignoramuses, i.e. so large ignorant if they are continuously formed and perfected will become great scholars.

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## ГЛОБАЛИЗАЦИЯ И ПРАВА ЧЕЛОВЕКА

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### *Резюме:*

*В настоящей работе подается обзор основоположений и позиций по правам человека в отдельных частях мира, следствиям нарушения этих прав, значении и роли мультинациональных и транснациональных компаний в глобализации, в связи с правами человека. Очень трудно сказать и утверждать, что декларация прав человека может выполняться и что она выполняется по всему миру. Отдельные страны, вследствие своей культуры, своего прежнего образа жизни, не могут и не примут некоторые правила, навязываемые глобализацией. Все-таки, все страны затронуты этим процессом, и в большей или меньшей степени каждая страна должна приспосабливаться нововозникающим переменам.*

**Ключевые слова:** глобализация, права человека, новый мировой порядок

### НОВЫЙ МИРОВОЙ ПОРЯДОК И ГЛОБАЛИЗАЦИЯ

Права человека и базовые свободы относятся к самым важным общественным и правовым ценностям, которые каждый государственно-юридический порядок должен защищать. Мир и правда возможны лишь тогда, когда и если соблюдаются права человека. Истинный мир не может строиться только на бумаге, путем договора или соглашения, сколь бы важными они ни были; мир необходимо строить на уважении человеческого достоинства, одинакового достоинства всех, и на основных правах каждого члена общества. Современная мировая экономика характеризуется острыми переменами, вызванными, главным образом, технологическим прогрессом крупных промышленных стран. В числе прогрессивных технологий, в первую очередь, выделяется информационная, сблизившая удаленные рынки и ресурсы, объединила вкусы и потребности. Современная экономическая ситуация подразумевает гораздо более широкую сферу действия международных факторов, причем в виду имеется, в первую очередь, торговля и движение капитала. Следствия этих движений сказываются самым наглядным образом в процессе глобализации. Этот процесс характеризуется элиминированием маждунациональных барьеров, ради беспрепятственного и быстрого оборота продукции, услуг и факторов производства. Речь идет о образовании единного,



то есть интегрированного мирового рынка, создание которого снизило бы в значительной степени транзакционные затраты и ускорило процес международного оборота. Однако, процесс глобализации понимается и в более широком смысле, как эволюционное течение в развитии человеческого рода, путем которого сближаются различные народы в силу гармонизации культурных, религиозных, традиционных и других различий.

В таких обстоятельствах особенно актуальным становится вопрос прав и свобод человека и их соблюдения. Стоит вопрос, возможно ли и в какой степени принцип, касающийся основных прав человека и их саблюдения, распространяться на все страны и их жителей.

## **ПРАВА ЧЕЛОВЕКА В МИРЕ**

Вопрос прав человека с давних времен был предметом анализа и исследования многочисленных теоретиков, философов и других исследователей. Сегодня он является одним из ключевых аспектов каждого современного государства. Вопрос о том, соблюдаются ли и в какой степени права человека, и положительный ответ на этот вопрос являются основой каждого современного государства.

Огромные страдания Второй мировой войны повлияли на принятие Конвенций прав человека, которые международно приняты. Эти конвенции провозглашают, во всем мире, основные права человека, вследствие чего государства, ратифицировавшие и принявшие данные конвенции, в обязанности выполнять их. Однако, соблюдаются ли права человека и в какой степени, имея особенно в виду страны, ратифицировавшие различные конвенции данного типа? В таких обстоятельствах обязательно ставится вопрос – Можно ли отдельным странам, неотвратимо входящим в процессы глобализации, навязывать соблюдение прав человека, провозглашаемых Конвенцией.

Если речь заходит о смертной казни в США, о кодексе шариата в Саудовской Аравии, или запрете на обучение женщин в Афганистане, мы можем говорить о нарушении государством прав человека. Если же речь идет о кастовой системе в индуистской части Индии или обрезании женских гениталий в Судане, то мы имеем дело с нарушением прав человека обществом, т.е. другими индивидами<sup>284</sup>.

Нельзя забывать, что теории общественного договора легитимируют именно государство, в качестве инструмента защиты базовых прав человека от других индивидов. Хоть можно говорить о положительных правах между индивидами, отношение между индивидами, т. е. обществом и индивидом позитивноправовым образом регулируется исключительно с помощью отицательных прав.

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<sup>284</sup> Kulenović, E., "Globalizacija i ljudska prava", научная работа, 2000 год



Величайшей угрозой человеческому достоинству всегда была война. Ужасы Второй мировой войны и геноцидный характер гитлеровского военного аппарата наложили неизгладимый отпечаток на темную сторону истории человеческого рода. Даже если говорить в категориях "справедливой войны", уровень деструктивности современного оружия привел к такому положению, в котором почти невозможно одновременно воевать и не нарушать базовые прав человека.

Вопрос легитимации прав человека в наше время особенно актуален. Это один из самых широких и самых сложных вопросов в этой сфере. Если задать вопрос – Откуда вообще у людей права? возможны различные ответы. В первую очередь, самим фактом рождения люди получают определенные права - путем биологической определенности. Такой аргумент можно назвать аргументом природного права. Он предполагает существование определенных законов природы или законов божьих, гарантирующих нам определенные права. Следующим шагом в деле прав человека является тот, предлагаемый нам сообществом, в котором мы живем, и затем один еще покрупнее – легитимные права человека, соблюдаемые широкой общественностью одной страны.

Универсальная декларация прав человека, так же как и большинство других конвенций прав человека, в каждой статье пропитана принципами равенства, индивидуализма, плюрализма и социальной справедливости. Один из самых выдающихся исламских мыслителей Абдулаххи Ахмед Ан – Наим отлично заметил, что нарушение прав человека происходит именно там, где права не легитимированы культурой и традицией общества<sup>285</sup>. Как в таком случае можно ожидать, что Декларация будет что-либо больше мертвого слова для обществ, основывающихся на элитизме каст, неравенстве мужчин и женщин, суровом наказательном законе, основанном на религии или преимуществе общества над правами индивидов?

## **СЛЕДСТВИЯ НАРУШЕНИЯ ПРАВ ЧЕЛОВЕКА В МИРЕ ГЛОБАЛИЗМА**

Расуждать о нарушении прав человека в отдельных странах, если для этого нет соответствующих доказательств или хотя бы личных уверений, чревато многочисленными трудностями. Наша страна – один из типичных примеров, где права человека часто нарушаются, хотя Босния и Герцеговина – государство, подписавшее декларацию прав человека. Это только подтверждает, что написанный материал не обязательно приведет к гарантиям и последовательности в выполнении прав человека. Незрелые страны мира стали осознавать нарушение своих основных прав в последнее время, под влиянием глобализационных процессов. На самом деле, глобализационные процессы привели к

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<sup>285</sup> An-Na'im, Abdullahi Ahmed, "Human Rights in Cross-Cultural Perspective", University of Pennsylvania Press, 1992 год



нарастанию пропасти между богатыми и бедными, чем вопрос прав человека еще больше актуализировался. Сама международная статистика указывает на этот факт<sup>286</sup>:

- Половина мира, почти три миллиарда людей живут менее чем на два доллара в день
- У самых богатых народов в мире самая глубокая пропасть между богатыми и бедными, если рассматривать высоко развитые промышленные страны
- На долю пять самых богатых стран в мире приходится 82% совокупного мирового производства и торговли, причем они получают прибыль ряда 68%, поступающую за счет прямых иностранных инвестиций, в то время как на долю самых бедных приходится едва ли 1% совокупного мирового производства и торговли
- В течении 1960 года, у 20% людей, живущих в самых богатых странах мира, личные доходы были в 30 раз больше чем у такого же процента людей, живущих в бедных странах; в течении 1997 у живущих в богатых странах личные доходы были даже в 74 раза больше
- Несколько сотен миллионеров нашего времени владеет таким имуществом, каким не владеет совокупная нация бедных, численность которых превышает 2,5 миллиарда

Именно такая обстановка в мире, непрерывная пропасть между богатыми и бедными, приводит к недовольству и ненависти между нациями. Укреплению такого сознания способствует и совершенствование современных средств коммуникации, в первую очередь Интернета, чем мир действительно стал "глобальным селом", како он часто обозначается. Социальные и политические беспорядки, вызывающие насилие все больше и больше, являются некоторыми из последствий роста сознания людей. В странах, в которых часто возникают столкновения такого рода, появляется расизм, дискриминация на всевозможных основаниях, и тем самым – нарушение прав человека.

Несложно заметить, что богатый мир постоянно продвигается в силу совершенствования науки и технологии, которые могут распространяться и в другие страны мира. Однако, стоит вопрос, можем ли мы глобализацией распространить и права человека и сознание о правах человека и каким образом это осуществить.

## **ГЛОБАЛИЗАЦИЯ И ПОДХОД К ПРАВАМ ЧЕЛОВЕКА**

Мэри Робинсон<sup>287</sup> отметила факт, что "ключевая характеристика экономической глобализации то, что в качестве актеров включены не только государства, но и силы

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<sup>286</sup> Источник, internet: <http://www.globalissues.org/Traderelated/Facts.asp>



мультинациональных и транснациональных корпораций. Это причина того, что сегодня половину лидирующих экономик мира составляют частные корпорации и частные международные инвестиции". Также, она приводит, что те же самые корпорации должны опеспечить и проводить мониторинг и выполнение прав человека, как это сообщается в Общей декларации прав человека.

Если учесть факт, что транснациональные и мультинациональные организации сильнее отдельных стран, что особенно видно в развивающихся странах, зависящих от этих компаний, будут ли и в какой степени эти компании соблюдать права человека, и кто будет осуществлять контроль за внедрением этих правил? Если учесть, что основным двигательным толчком транснациональных компаний является прибыль, то ставиться вопрос, возможно ли достичь такого объема прибыли при соблюдении прав человека, провозглашенных Общей декларацией.

## **ВЫВОД**

Можно прийти к выводу и увидеть, что, если речь идет о правах человека, глобализация и новое тысячелетие приносят бесчисленное множество новых и актуализируют старые вопросы по поводу прав человека. Вопрос внедрения прав человека останется нерешенным до тех пор, когда установится принципиальный подход, согласно которому права человека должны стать универсально принятой категорией. Процесс глобализации теперь делает упор на вопросе прав человека. Мир кажется меньше, когда у нас есть ощущение, что ужасные нарушения прав человека на другой стороне земного шара происходят в нашем соседстве, так же как он кажется чрезвычайно большим, когда пойдем, насколько мы на самом деле далеко од универсального морального консензуса.

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<sup>287</sup> Mary Robinson, Globalization Has to Take rights into Account , The Irish times , January 22,2002.



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## DEVELOPMENT AND THE IMPORTANCE OF ACCOUNTING AUDIT OF CORPORATION

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### **Abstract:**

*Accounting audit of corporations, at all levels of budget users, financial institutions, and other legal entities regardless of whether they are private or public, as an organization with a significant degree of public accountability primarily emphasized the need for transparent and reliable financial reporting. However, the propensity of management to adapt their business to goals of success reputation, deviation of international and national accounting regulations and lack of implementation of standardized management system leads to numerous problems in business, economy subjects, and all levels of budget users. One indicator of this situation is the high level of corruption according to Transparency International data, which covers 181 countries, in the economies of all countries that are in the process of transition, which can lead to a loss of investor confidence and thus slowing economic development. For these reasons, accounting audit becomes more and more important in contributing to ethical management and all employees as individuals, as well as in the expression of the level of social responsibility of juristic persons and institutions.*

### **Keywords:**

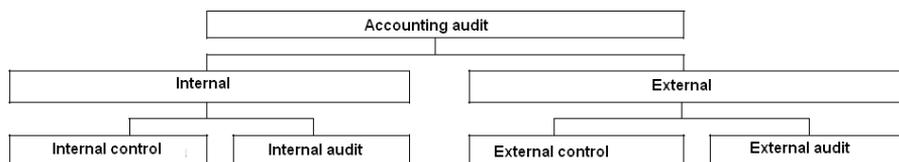
*accounting audit, control, auditing, audit in gap, the corporation, budget users, juristic person.*

### **DEVELOPMENT OF ACCOUNTING AUDIT**

Accounting audit is an activity that is closely related to the business process as a process of reproduction, which allows continuous operation. In order to ensure the permanence and continuity, the operations must be monitored, so it is conducted in accordance with professional and legal regulations of the market environment in which the corporation operates. The development of market economy and globalization of the economy, have led in corporations, financial institutions (banks, pension funds, insurance funds) and in other legal entities regardless of whether they are private or public (state), to development of accounting audit activities and its divisions and classifications on *internal* and *external*. As forms of



accounting audit an *internal control* and *audit* and *external control* appear, which schematically look as follows:



Since the difference between the control and audit is substantive rather than formal, for clear identifying and practical application it is necessary to present them separately.

## INTERNAL CONTROL AND INTERNAL AUDIT

**INTERNAL CONTROL** as a form of accounting audit, is the system made up of all policies and actions that corporation has established as a legal entity in order to properly and effectively ran the business, to maintain the integrity of the property, preventing and revealed errors, and fraud, ensure accuracy and completeness accounting records and timely compiled reliable financial information. The aim of control is that accountant (the person who handles some of the property) is constantly working properly according to prescribed legal and/or internal regulations, not just at the time of control.

Internal control is surveillance carried out by persons employed in the corporation, and is always subordinated to the management of corporation. Internal control is fully compliant with the general notion of control that had previously existed.

Internal control performs an employee of the corporation - an **internal controller** or only the controller, also known as liquidator. Depending on the scope and work of organization, the corporation may have several internal controllers.

Business encyclopedia<sup>288</sup> says that network of basic controls, which may be individual activities, activities that are directed, in advance prevent, detect and correct irregularities in business and enabling corporations to work on a planned manner, form a system of procedures, called system of the internal control of the corporation.

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<sup>288</sup> *Encyclopedia of Business*, 2<sup>nd</sup> edition, Thomson Gale, SAD, 2006.



**INTERNAL AUDIT**, as a form of accounting audit, is established internal assessment activity of the corporation as a juristic person, which includes monitoring, testing, and assessing whether the accounting system and internal controls are adequate and whether they are effective.

Internal audit as a form of accounting audit and as a discipline is not sufficiently studied nor fully scientifically formulated in our country, because of which sometimes is identified with internal control, which is totally wrong. According to this, internal audit is fundamentally different from internal control. Internal audit should be independent and because of the retention of its independence should not be subordinated to management. Internal audit is a control of a management structure that inform ownership and management structure with its findings, helping both.

Internal audit perform an employee of the corporation as a juristic entity - an **internal auditor**, a skilled independent auditor. The internal auditor evaluates whether the system of internal control is adequate and whether it is effective or not. Depending on the scope and work of organization, the corporation as a juristic entity may have more internal auditors.

Internal audit, in slightly different way, interpret International professional association of Internal Auditors - *The Institute of Internal Auditors*<sup>289</sup>, which creates the International Standards of Professional Practice of Internal Auditing<sup>290</sup>. The internal audit standard is defined as an independent and objective assurance and consulting activity designed to improve value and improve the organization's activities. It helps an organization to accomplish its objectives by introducing a systematic and disciplined approach to evaluation and improvement of effectiveness of managing risk, control, and management processes. The purpose of standards is to explain the basic principles that suggest what should be the practice of internal auditing, establishing a framework for performing and promoting a wide range of internal audit activities that increases the value, establish the basis for assessing the implementation of internal audit and encourage process improvement and business organizations.

International standards of professional practice of internal auditing include *standard features* dealing with the characteristics of organizations and persons performing internal audit activities. *Performance standards* that describe the internal audit activity and define quality criteria based on which to assess the quality of providing these services. *Implementation of standards* relating to all internal audit services and are defined for: (U) assurance activities, and (K) consulting activities.

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<sup>289</sup> The institute of Internal Auditors, SAD, koji ima brojne filijale šrom sveta, a najpoznatiji su u Velikoj britaniji i Irskoj.

<sup>290</sup> *International Standards for the Professional Practice of Internal Auditing*, The Institute of Internal Auditors, SAD, 2003.



*Dictionary* that contains and explains the specific terms used in Standards. *Formulation of standards* explains formulating and publication of standards as a continuous process. Standards Committee Internal Audit carried out extensive consultations and discussions before the publication of the Standards. This includes collecting comments on the draft of the standards.<sup>291</sup>

## **EXTERNAL CONTROL AND EXTERNAL AUDIT**

**EXTERNAL CONTROL** is a form of accounting audit performed by persons who are not employed in the corporation as a legal entity, and that is always strictly directed to specific areas of business.

*External control is the control of the authority of the country or state control, which may be of different levels.* Prosecution can perform the external control, tax administration, or the Indirect Taxation Administration, Ministry of Government and other government authorities. Subject of external control, except corporations, banks and other financial institutions as legal entities, are state authorities, budget users - municipalities, ministries of government, the prosecution, and the judiciary and others. With its work, control contributes to strengthening the authority of the business disciplines of legal persons and the society as a whole, ensuring control of inflow and outflow of the budget as the main source of funding each state.

External and control of state authorities as a form of state control has inspection authorities, which consists in taking the measures of repression for the irregularities committed in the business.

**EXTERNAL AUDIT**, also called independent auditing, is a form of accounting control made by audit firms that have an adequate number of persons certified as a certified auditor and working license. External or independent audit includes financial statements of the corporation as a legal entity.

The aim of the financial statements audit is to provide an independent auditor to express its opinion whether financial statements, in all material respects, are prepared in accordance with prescribed financial reporting framework. For expressing an opinion, the auditor obtains relevant audit evidence allowing a reasonable basis for expressing opinion. Expressing its opinion on these financial statements, an auditor provides a high, but not the absolute level of assurance that the information does not include materially significant error. Absolute assurance

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<sup>291</sup> Đurasović V. „*Interna kontrola i interna revizija*,” Finrar, d.o.o. Banja Luka, 2007, str. 297-327.



is not possible to achieve by audit, among other things, because most of the evidence that the auditor has at its disposal by nature has a compelling, but not definitive character.

The audit is conducted by the International Standards on Auditing - ISA. An audit is an element of state control and regulated by law. It differs from inspection and it serves for the needs of improving corporation business, not for punishing for wrong and improper actions. The audit does not have inspection authorities. *External audit perform independent and external auditors who in its report express an opinion whether the financial statements are prepared in accordance with international standards.* The fact that an annual audit of financial statements will be performed can act as a means for preventing errors and frauds. If the existence of fraud or misstatements is discovered, even if the auditor suspects that there are criminal activities whose impact on the financial statements is immaterial, the auditor shall immediately notify the management of the corporations, and if there is suspicion on top management, the auditor should seek legal advice which will help to determine further actions to be implemented. Upon completion of the audit consists of the audit findings-report of independent auditors. The audit findings and independent auditor's report includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. It also includes appraisal of accounting principles and accounting estimates in accordance with accounting standards made by management, as well as the overall financial statement presentation, which enables reasonable assurance whether the financial statements contain or not wrong important information. Independent Auditor's Report at the end contains the *conclusion (summary)* whether the financial statements in accordance with accounting standards and legislation represent fairly the status of assets, equity, and liabilities, and results of operations, changes in equity, and changes in cash flows on a particular day.

*Independent auditor's report can be with positive, negative opinion and with reservation. Positive opinion without reservations may contain certain effects on the balance sheet, which are described in paragraphs (marked parts of the report), observations, and recommendations as well as to pay attention to certain questions.*

"GAP IN AUDIT" is called the difference between the expectations of users of financial statements and the actual capabilities of audit. Specifically, the owners of capital have always sought to preserve and increase their equity and as users of financial statements audit is expected that the audit detect whether their capital is protected from fraud, and to provide security for its efficient use and fair representing. *It is this difference between what users of financial statements (the owners of capital-shareholders, investors, customers, suppliers, government, chambers, stock exchanges, financial analysts, lawyers, and others) expect and what objectively system of thrust driven audit can provide is called the "gap in audit."* External or independent auditors their assurances made based on audit evidence verifying financial transactions based on documents, and based on assurances give their opinion on whether the financial statements in accordance with international accounting standards and statutory accounting regulative, fairly present the state of assets, capital and liabilities as of the exact date, as the results of operations, changes in equity, and changes in cash flows for the



period ended on the same day. Constant dialogue between the independent audit and users of financial statements provide, on the one side, reducing suspicions of the auditor's opinion and on the other side independent audit is becoming more aware of the responsibilities for its independent and professional work in providing opinion based on assurance system.

## **THE IMPORTANCE OF ACCOUNTING AUDIT**

The importance of accounting audit in business is reflected in the reliability of financial reporting of the achieved performance, according to applicable legal and professional regulations of market environment where corporation operates. Endeavour owners and management structure that the image of their property, financial and profitable position appears different than it really is, depending on the goal that they want to achieve is known for a long time. The reason for increased attention by the professional and regulatory bodies to accounting audit at the beginning of this century lies in the discovery of major financial scandals committed by individuals in top management structures of large corporations.

The importance of the accounting audit is reflected primarily in the expression of the level of social responsibility of corporations as legal persons and institution of a state. *The classic concept, according to which corporations should constantly increase wealth of the owner, became the concept that corporations, as part of a society, need to realize as the primary objective of increasing social wealth.* Therefore, in accordance with this affirmation of the role change and instead the primary responsibility of the owners change, so there is a social responsibility of businesses subjects and even more the role of state institutions and regulatory bodies in the development of the concept. The importance of such developed concept of accounting audit would create the results of the general responsibility for the development of economy and society as a whole.

## **FACTORS OF INADEQUATE ACCOUNTING AUDIT IN OUR COUNTRY**

Accounting audit depends in any economic environment and thus in our country of the quality and development of the normative basis, the introduction of standardized management systems and competency management and accounting personnel structure in the application of professional and ethical standards. If in the business ambience of the state predominates necessity of introducing the concept of standardized management systems such as basic standardized system of management: quality management system, environmental protection management system, management system of occupational health and safety, management system of social responsibility of corporations and other management systems depending on the activity, in such an environment actions in business processes are not standardized and logically difficult to monitor. In accordance with that, the most visible factors of inadequate accounting



audit in our country, as a country in transition, occur at two levels: I) the macro level and ii) the micro level:

I) At the macro level indicating the occurrence of systemic corruption, stand out:

a) *Lack of legal regulations on money flows in the payment system.* If the banking sector took over the payment system, it is logical that it supervises that services and, although that is regulated by law. Otherwise, all financial transactions can be performed without any obligation to pay taxes and contributions, very of often situation in our country. The consequences of this situation are the problems in the financing of public pension funds and social health insurance and all budget users.

b) *Non-performing of financial statements of public (state) corporation revisions,* which is closely associated with the lack of the legislation on financing political parties, set by top management of these corporations. In this way, the management is more convenient to party and less to state, because party based elite protect the people it set.

II) At the micro level, stand out:

a) *The emergence of creative accounting* i.e. fraudulent financial statements calculated to fraud to presented to users hidden desire and not a true picture of actual performance depending on the business goals of the managerial structure, and thus are undesirable.<sup>292</sup>

Although the term "creative accounting" in the subject matter is not always used interchangeably, more authors under this term includes all accounting practices that intentionally deviate from international accounting standards to presented desire and not a true picture of actual performance in order to maintain investor's confidence, realize rights on management bonuses that depend on income i.e. in creating conditions for the use of options on shares, preparing for taking over, or defense against enemies takeover, suspension of taxes on income to future accounting periods, payment of bonus for the selection of a strategic partner to the detriment of small shareholders by paying lower stock prices, are just some of the goals of management that cause the appearance of creative accounting so these goals could be realized.

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<sup>292</sup> O „kreativnom računovodstvu“ videti: Stology H. i Lebas M., (Korporativno finansijsko izveštavanje, str.657), i Mulford. C i Comiskey E., (2002)The Financial Numbers Game: Detecting Creative Accounting Practices, Wiley, str.3)



How to recognize that the management has used creative accounting instruments:<sup>293</sup>  
Unexpected and unexplained changes in accounting policies, especially if they a bad performance is recorded; profit growth as a result of an unplanned sale of assets; unexpectedly high attribution or writing off the value of property; significant transactions with related parties ; increase of participation in total sales, providing customers with more favorable terms of payment, extension of deadlines, increase of the difference between net income and net cash from operating activities compared to previous years, growth gap between the differences of net income before tax and taxable income; big profit adjustment in the last quarter of the year; change of the auditor or audit firm that audits the financial statements.

b) *The phenomena of non-compliance with ethical rules in business*, that arise when the accountants under the pressure of the management acts contrary to professional rules, which is often in the conditions of general unemployment.

Continuously improving and strengthening the normative basis of staffing levels, through a permanent dialogue at all levels of accounting audit with on the one side and users of financial statements from the other side, provide reliable removal of a unreliable factor to inadequate accounting audit.

## RESUME

The risk of unforeseen damages that might arise from the loss of confidence of investors and other users in the business environment or state ambience in which seeks to do business, because of the underdevelopment of authority and personnel basis, incomprehensive audit of all sectors of the economy and the low level of public accountability of business entities as well as budget users of all levels, executive and legislative authorities of the state, regulatory bodies, professional organizations and audit firms, the normative basis, the development of accounting audit, respect for legal and professional accounting regulations, must be given the highest degree of attention. At the state level, the primary task is continuous improvement of law regulations and strengthening the personnel structure of the accounting audit, at the level of economic entities and other legal entities: the introduction of internal audit, strengthening internal controls and compliance with professional and ethical standards by accountants and top management.

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<sup>293</sup> Mohnram: (2003) *How to menagr earnings management?*, Accounting World, Institute of Chartered Financial Analystsof Indija Nr.10



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## ON THE WAY TOWARDS FLEXICURITY IN THE COUNTRIES OF FORMER YUGOSLAVIA

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### **Summary:**

*The paper presents the latest available data on the labour market situation and a systematic in-depth analysis of the level of implementation of flexicurity policy components (i.e. flexibility of working arrangements, lifelong learning strategies, expenditures for social security of unemployed and active employment policies) in the countries of former Yugoslavia. The paper finds that ex-Yugoslav countries are, on average, characterized by relatively strict employment protection legislation and low levels of part-time and temporary employment, in spite of significant liberalization measures during the past decade. Majority of countries provide relatively weak social protection of workers in terms of unemployment benefits schemes with extremely low coverage rate. Furthermore, most of the countries face difficulties in the design and implementation of active employment policies and lifelong learning programmes. The latter two policy components are still poorly developed also in CEE countries.*

### **Keywords:**

*flexicurity, employment, labour market, countries of former Yugoslavia*

## **INTRODUCTION**

The concept of flexicurity presents a response to changes in national economies due to globalization processes, rapid technology development, demographic aging and labour market segmentation. The quest for balance between flexibility and security in the labour market is today in the core of the European employment agenda as being fundamental for maintaining and improving productivity and competitiveness while reinforcing European social model. Among countries of former Yugoslavia, only Slovenia, as a member of the European Union (EU), was formally invited to design and implement flexicurity strategies in its labour market arrangements. Nevertheless, the similar expectations will be put in front of other countries of former Yugoslavia in near future as well. The research objective of this paper is therefore to analyse the level of implementation of flexicurity policy components in the countries of former



Yugoslavia. In the analysis we study flexibility of working arrangements, lifelong learning strategies, social security of unemployed and active employment policies – i.e. flexicurity policy components set by the EU. Moreover, we examine how ex-Yugoslav countries perform in implementation of these policy components in comparison to new Central and Eastern EU Member States (CEE)<sup>294</sup>, which also underwent transition from centrally planned systems to market economies.

## **THE ANALYSIS OF IMPLEMENTATION OF FLEXICURITY POLICY COMPONENTS**

### **Flexible and reliable contractual arrangements**

One of the most commonly used indicators for international comparison of regulations of labour relations regulations is Employment Protection Legislation Index (EPL), developed by the OECD. The EPL index is compiled from 21 items, covering three different aspects of employment protection: (i) individual dismissal of workers with regular contracts; (ii) additional costs for collective dismissals; and (iii) regulation of temporary contracts. Index values are ranging from 0 (least stringent employment legislation) to 6 (most restrictive employment legislation) (OECD, 2010).

Under the previous socialist regime, the countries of former Yugoslavia had very protective labour legislation. For example, the dismissals of workers were not permitted (except out of disciplinary reasons), workers were mostly employed on the basis of full-time permanent contracts (which provided high security of staying in employment) and were entitled to several employment benefits. However, over the last twenty years the employment protection significantly decreased in all ex-Yugoslav countries through profound changes in national labour legislations. For example, the EPL index in Slovenia amounted 4.1 in 1991, it declined to 3.0 in 1998 and reached the value 2.5 in 2008. Although some of the countries reached the level of employment protection of more developed OECD or EU Member States, the differences in EPL between them are still high. According to the available data, the overall EPL index amounts 2.5 in Slovenia and Kosovo (2001), 2.6 in Croatia and Bosnia and Herzegovina (BiH, 2003), 2.7 in Serbia (2005), 2.8 in Macedonia (2003) and 3.6 in Montenegro (2003). For comparison, the most successful in ensuring flexible employment legislation among CEE in

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<sup>294</sup> CEE-10 countries are Bulgaria, Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Romania, Slovakia and Slovenia. We study Slovenia as being part of former Yugoslavia and part of CEE group of countries.



2008 were Slovakia (1.4) and Hungary (1.7), mostly due to increased flexibility in the area of temporary contracts.

As regards the scope of employment protection in 2003, it was rather high in the area of temporary contracts, especially when comparing to CEE average. The only exceptions to high EPL on temporary contracts were Slovenia and Croatia, due to legalization of temporary work agencies and changes in duration of temporary contracts. Even stricter was the regulation of collective dismissal, being especially high in Montenegro, Kosovo and Croatia.<sup>295</sup> High protection of collective dismissal could be a consequence of protecting workers from being dismissed through the restructuring processes of large companies and by this preventing a negative impact on labour market and to avoid massive quest for social protection. On the other hand, ex-Yugoslav countries, except Slovenia and Croatia, recorded very flexible regulations in the field of regular employment, being even more flexible than in the CEE and EU-15.

Till today the value of total EPL index and/or its sub-indices has probably decreased in some of the ex-Yugoslav countries due to changes in labour legislation (however, there is no official data on value of indices yet available). For example, Macedonia in 2005 adopted amendments to labour law which included reduction of maximum severance payments from eight to six months, reduction of some restrictions on fixed-term, temporary and part-time contracts and reduction of employers' obligation on sick pay from 60 to 21 days (see Feiler *et al.*, 2009, p. 10). In 2006, the Government of Macedonia also adopted Law on Temporary Work Agencies and by this introduced the possibility of hiring agency workers. With the amendments adopted in 2008, the use of fixed-term contracts for permanent task was prolonged from 4 to 5 years. In Montenegro, for example, fixed-term contracts became allowed for permanent task and have no limits of duration. When employers have to dismiss a worker, they are required to give notice of 15 calendar days only and are no longer obliged to give prior notification to a third party (see World Bank, IFC, 2009, 2010a).

As most of the data on EPL index are out-dated, we also analysed the rigidity of employment index developed by the World Bank (see World Bank and IFC, 2010b for methodology). According to the index, the employment regulation is the least rigid in Kosovo, followed by Macedonia and Montenegro and the most rigid in Slovenia and Croatia. The rigidity in the latter two is especially high in the area of hiring workers, as both countries prohibit fixed-term contracts for permanent tasks and allow the use of fixed-term contracts only for 24 (Slovenia) or 36 (Croatia) months. Comparing to other countries, they record also high rigidity of working hours due to regulations on annual leave and work on weekly rest day (see World Bank, IFC, 2010a).

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<sup>295</sup> One of the reasons for differences in EPL index on collective dismissal between countries are, according to Gligorov *et al.* (2008, p. 63), differences in definitions of collective dismissal in national legislation.



Although the labour markets of former countries of Yugoslavia became more flexible comparing to a decade ago, the level of part-time employment is rather low. For example, in 2009, the share of part-time employment in total employment amounted approximately 2 % in Croatia, 5.3 % in Macedonia, 10.2 % in BiH, whereas it was the highest in Kosovo (16.3 %). In Slovenia, the share of part-time employment in total employment amounted 9.5 %, which is 5 percentage points below the average of CEE. The share of part-time employment in total employment is higher among women and workers employed in agriculture sector. According to Fetsi (2007, p. 116), the non-use of part-time employment is associated with the fact that pension regulations make it very difficult for part-time employees to qualify for even the minimum pension in most of the countries of former Yugoslavia.

More common, on the other hand, are temporary employment arrangements. Their share in total employment is increasing in most of the countries of former Yugoslavia, especially among newly-concluded contracts, young people and lower-skilled people (see Nešporová *et al.*, 2006; Crnković-Pozaić, 2006; Novkowska, 2008). In 2009, the share of temporary employed in total employment amounted 11.6 % in Croatia, 15.5 % in Macedonia and 16.2 % in Slovenia. For comparison, the average value of temporary employed in total employment in NMS amounted 8.0 %, which is 5 percentage points below the EU-15 average. The share of temporary employed in total employment was higher among young people (15-24 years of age): in Macedonia 37.1 %, in Croatia 35.0 %, whereas in Slovenia 66.6 %. For comparison, the average in CEE countries (without Estonia) amounted 21.6 %, which is 18.3 percentage points below the EU-15 average.

### **Lifelong Learning**

Lifelong learning strategies are crucial for ensuring the long-term employability of workers, especially the most vulnerable. According to the European Commission (2007, p. 12-4), high participation in lifelong learning is positively related with high employment and low long-term unemployment.

In Yugoslavia adult population was committed to permanent and functional education, however there were no comprehensive lifelong learning strategies developed. Today, the lifelong strategies are in their early stages in all countries of former Yugoslavia (except for Slovenia, which already follows the guidelines of the EU), what is among other reflected in low participation rates of adults in lifelong learning. According to the available data, the participation rate of adults (between 25 and 64 years of age) in lifelong learning in Slovenia amounted 14.6 % in 2009, whereas in Macedonia 2.5 % and 2.2 % in Croatia in 2008. The participation rates are probably even lower in other countries of former Yugoslavia.<sup>296</sup> Low participation rates in lifelong learning present also a problem in most of the CEE (for comparison see Eurostat, 2010).

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<sup>296</sup> The countries of former Yugoslavia, except Slovenia, do not collect systematic statistical data on participation in lifelong learning. The cited data were obtained from Eurostat (2010).



Slovenia already developed a functioning system of lifelong learning, as this is one of the important requirements and expectations of the EU and the Lisbon Strategy. However, in other countries of former Yugoslavia, the importance of lifelong learning is slowly coming in the forefront of employment agenda.<sup>297</sup> Although these countries, except BiH, adopted strategies or programmes for adult education and lifelong learning<sup>298</sup> in the past years,<sup>299</sup> they face problem of how to insure their implementation. This is additionally hindered by the modest public expenditures for adult education and training and lack of EU instruments. Some of the countries receive some funding from different international donors, but the funds are mainly project-oriented, given for a short term and unsystematic (see Popovič, 2009). One of the main reasons for low participation in adult education and training is also the lack of motivation (especially by older and unemployed people), related with the existential problems and quality of life, incorrect perception of lifelong learning as a »shame« and low awareness of employers (see Župarić, 2009; Popovič, 2009; Herić *et al.*, 2008).

### **Active employment policies**

Several studies pointed on a positive impact of active labour market policies on labour market and economic performance (see for example OECD, 2004; Nešporová *et al.*, 2006; Anspal *et al.*, 2007; ), signifying that expenditures for active employment policies could have an important role in reducing unemployment and therefore facilitating employment. However the expenditures for labour market policies are modest in all countries of former Yugoslavia. As the major part of expenditures is devoted for passive employment policies, this leaves an extremely low portion for the active policies. Namely, the expenditures for the latter vary from 0.04 % of GDP in Croatia to 0.18 % in Slovenia. Low funding of active employment policies is also the reality in CEE countries, which in 2008 earmarked only 0.23 % of GDP - this is 0.5 percentage points below the EU-15 average and even 1 percentage point below the countries with the highest expenditures (Belgium and Denmark).

The expenditures for active employment policies in most countries of former Yugoslavia are concentrated on wage subsidies for the integration of disabled, job search assistance and support

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<sup>297</sup> The progress in national legislation has been especially evident in Croatia and Macedonia, probably also as an obligation to comply with the expectation of EU. The overview of developments is available in Devčić Torbica (2009) and Buova *et al.* (2009).

<sup>298</sup> Lifelong learning strategies in these countries are often taken as a synonym for adult education and training.

<sup>299</sup> The overview of adopted strategies and laws for adult education in countries of former Yugoslavia is available in Popovič (2009) and Devčić Torbica (2009).



or self-employed and too little on employment incentives, training programs and direct job creation measures.<sup>300</sup>

Moreover, the active employment measures are mostly not organised on a larger scale and therefore include only selected groups of unemployed. Consequently, also the coverage rate (i.e. % of unemployed participating in active employment measures) is low. According to the available data, in 2009 the coverage rate in Croatia amounted 2.5 % (World Bank, 2010), similar rate was also recorded in Macedonia in 2005 (Cazes *et al.*, 2007a, b).

Majority of former countries of Yugoslavia adopted employment programs or plans including the recommendations and measures on implementation of active employment programmes. However, the highest obstacle in implementation of these measures remains lack of funds, which is especially evident in BiH and Kosovo (see Lorencic, 2008; Kita, 2008). The situation regarding funding is at most improving in Montenegro, where the financing of the active labour market measures reached approximately 1 % of GDP in 2008 (Gribben, 2008).

### **Social security system**

There are significant differences in unemployment benefit programmes between countries of former Yugoslavia. The most generous unemployment benefits can be found in Slovenia, followed by Serbia, whereas in other countries the unemployment benefits are really modest. The extremely low unemployment benefit level was recorded in Montenegro, where it presented 60 % of minimum wage (i.e. EUR55) in 2008. For comparison, the poverty line in Montenegro amounted EUR119 in 2007, implying that the level of unemployment benefit increases the risk of falling into poverty or of resort to the informal economy (see Kaludjerović *et al.*, 2008; Rosas *et al.*, 2007). In Kosovo, labour legislation even does not include unemployment benefits - the social safety net provides only a basic pension and limited social assistance.

In majority of the countries of former Yugoslavia the unemployment benefits are short, as they are mostly limited to 12 months. The duration of benefits is longer only in Federation BiH, Serbia and Slovenia. However, the average benefit duration is probably longer in some countries. Namely, Croatia, Macedonia and Montenegro allow unlimited duration for older workers after certain cumulative duration of employment.

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<sup>300</sup> The overview of development of active employment policies for Montenegro, Macedonia, Croatia and Serbia is available in the reports of ILO and Council of Europe (Cazes *et al.* 2007a, b; Rosas *et al.*, 2007; Harasty *et al.*, 2007) and ETF working papers (Gribben, 2008; Feiler *et al.* 2009; Skjolstrup, 2008).



Also the share of unemployed that receive unemployment benefits is very low. The only exception is Slovenia, where almost one third of unemployed are entitled to unemployment benefits. Such low coverage rate in other countries is a consequence of the state of labour market and the composition of the unemployment registers, on which the vast majority present labour market entrants and others who had no opportunity of building up the necessary contributions (Fetsi, 2007).

## CONCLUSION

Although countries of former Yugoslavia share a common legacy of centrally planned regime, today they significantly differ in their economic performance and by this also in labour market situation, mostly as a consequence of political and economic developments after the break-up of Yugoslavia. This is especially reflected in the level of implementation of flexicurity policy components.

The analysis has shown that the countries of former Yugoslavia significantly liberalized EPL during the past decade, almost reaching the employment protection level of CEE countries. Despite this, the EPL is still relatively strict. On the other hand, social protection of workers in terms of unemployment benefits is rather weak (with exception of Slovenia). Even bigger problem presents the design and implementation of active employment policies and lifelong learning strategies. The latter two policies are at most developed in Slovenia as a member of EU, followed by Croatia and Macedonia, whereas other countries still face difficulties in this area. When comparing the ex-Yugoslav countries to CEE countries, we established that the differences are most obvious in the field of unemployment benefits, active employment policies and lifelong learning.

Study performed by Nešporová *et al.* (2006) on the NMS and candidate countries showed that employment protection has no significant impact on unemployment levels and that generally weak protection may have a negative impact on labour reallocation and productivity through increasing worker's perception of insecurity. On the other hand, active labour market policies have a positive and significant impact on employment levels and reduce unemployment. Similar impacts of active employment policies on employment and unemployment were confirmed by OECD (2004). However, OECD (2004) on the contrary showed that EPL reduces the inflow rate into unemployment and rate of exit from unemployment and as well increases long-term unemployment.<sup>301</sup>

Hence it follows that well developed policy components of flexicurity can improve employment and unemployment situation and by this affect the labour productivity and the overall economic performance of the country. Therefore, the countries of former Yugoslavia should more

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<sup>301</sup> See, for example, also Brown *et al.* (2009), Anspal *et al.* (2007).



intensely work on the effectiveness of active employment policies and lifelong learning strategies, target them on the most disadvantaged group of unemployed and stimulate them to use these programs. Moreover, they should improve the system of unemployment benefits to better the security of unemployed. On this way towards flexicurity, it should be taken into account that each country has to find its own balance between different flexicurity policy components. To achieve this they will have to design appropriate and comprehensive policy strategies, what would demand better dialogue between social partners, stronger state institutions and higher funding.

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## QUALITY MANAGEMENT IN EDUCATION SYSTEMS

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### **Abstract:**

*Modern society is characterized by dynamic changes, intensive development of production, information and telecommunication technologies, which make conditions for quality changes in all spheres of life, and especially in education. Scientific research and everyday practice prove that it is necessary to implement modern concepts, techniques and technologies of research in education system managements. .*

*Quality management in education system is a perception of the quality of education process, quality of management structure and its impact on the success of education system functioning. The status and value of indicators and performance of quality must be defined and measurable in order to manage all processes and operations of education system by feedback information.*

### **Key words:**

*education system, management, quality, indicators of quality*

## **INTRODUCTION**

Modern society is characterized by dynamic changes, intensive development of production, information and telecommunication technologies, which make conditions for quality changes in all spheres of life, and especially in education. The appearance of new knowledge has created the society of information, in which the acquisition of new knowledge, transfers, usage and storage of knowledge is based on contemporary information techniques and technologies and methods which are permanently changed and improved. Information technique and technology has fundamentally changed the education infrastructure and all management process elements. Telecommunication net has become not only the source of knowledge, but also an instrument for transfer, usage and storage of knowledge, as well as a tool which can enlarge the efficiency of education institution management. In the second half of the twentieth century, the concept of total control management gained special importance in the management process, as a universal

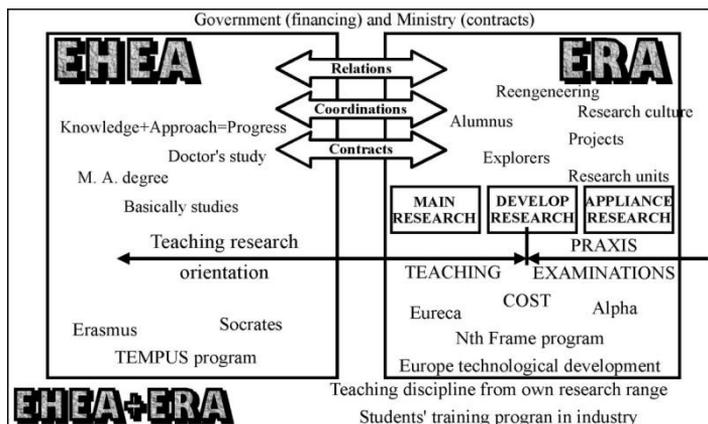


concept applicable on all kinds of organizations. Having become such a concept, it has been applied successfully in education systems.

## EDUCATION AS A SPECIFIC SERVICE

Education belongs to the sector of services. A large number of people takes part in it, some of them having the function of providing services and other of using services. The fact is that during last ten years there has been an intensive development of the means of teaching, teaching methods and forms, and all this with the aim of higher efficiency and effects of the teaching process, which has changed the design of education institutions. Only in the last ten years, with greater reliance on computers in schools, the conditions for quality innovations of education technology were created. Multimedia programs created for PCs make the creation of electronic books with texts, pictures, sound animations and movies possible. Interactivity and the quality of presented materials along with multimedia and hypertext provides significantly richer contents in comparison with the teaching process which takes place in a traditional classroom. The development of telecommunication technology and mass usage of Internet have made possible the interactive distance learning, which is based on a system approach with the usage of multimedia electronic sources of information. However, it's clear that education organization must adopt on changes (society, economically, political, technological, global...). On that way they become open, flexible, and dynamic. "Changes are organization reality" [1]. The education systems of high-developed countries are the basis on which the characteristic of economy and society of these countries are founded. In a reverse connection, education systems affect the development and success of other systems. It has been proved that this influence is stronger compared to mutual influences of other subsystems, which makes it necessary for education systems to be designed in the best possible way, and then managed in a proper way, in order to achieve a stronger effect on a national, as well as international level. This further implies the tendency of internationalization, i. e. globalization of education services and the tendency to make special strategies in that internationalization. [2]. The main objective of the integration of European education systems is the achievement of the highest possible level of knowledge in the European Union through constant improvement in order to achieve the European politics of employment and acknowledgement of diplomas obtained in individual European countries and in all countries of European Union. In this way, the European Union would become the most concurrent and the most dynamic education, research and economic space in the world which is based on knowledge. Therefore, the strategy of internationalization should be regarded as an instrument of establishing the integrated management of education study programs in a few languages and using professors and students exchange and other programs of the European Union. [3].

The integration of European higher education area EHEA (European Higher Education Area) and ERA (European Research Area) includes (Fig 1) the integration of research programs for education development (Tempus, Erasmus, Socrates, Leonardo, Naric and other) and research programs which are financially supported by European Union (Framework Programme, Eureca, Cost, Alpha and other). According to the presented model, many teaching disciplines of the bachelor and especially master and doctoral studies, should be derived from the field of the teacher's and high education institution's research. That means that the lectures are orientated towards the results of research, and modules and programs orientated by projects should also exist.



**Fig. 1:** The integration of education and research by European programs

## THE NECESSITY OF THE INTRODUCTION OF THE INTEGRATED SYSTEM OF QUALITY

It is necessary to adjust the total business of the high education institutions to European standards. This means that a high school institution should define the business performances in teaching, research and for business management. A high education institution business needs to be transparent and comparable with other high education institutions in the country, Europe and the world. That is achieved by uniform procedures of quality and standard of quality implementation in the integrated system of quality which is a part of the integrated information system on a larger level. Business performances, quality indicators and adequate variables represent a part of the integrated base of knowledge about the total business of an education institution. A high education institution obligations are transparent and regular reports on the quality of teaching, research results, study programs, evaluation and accreditation results, business performances and other reports on the integrated system of quality [4].



The quality of education is estimated with regard to the following components:

- Quality of teaching modules and study programs;
- Quality of academic performances and students' working characteristics;
- Quality of academic performances and professors' andragoghic ability;
- Quality of teaching process and students' learning;
- Quality of teaching materials in the function of available material resources;
- Degree of fulfillment of students' expectations regarding university teaching;

Universities need to prepare the domestic industry for integration processes of Europe, defined by Bologna declaration. Cooperation in the common EHEA+ERA European area is a necessity which requires a special definition of the future common projects [5].

## **STANDARDS AND PROCEDURES OF THE INTEGRATED SYSTEM OF QUALITY**

The development of quality standards and accompanying instructions should be a part of the convergent procedure of the development of the integrated system of quality on European high education institutions. There are different national approaches for internal and external procedures and standards of quality, as well as restrictions for their convergency [6].

The second purpose of the quality standards is to raise the education level of students and other forms of teaching in high education institutions so that those institutions would fulfill their missions in a successful society. In research activities, the role of education institutions is to contribute to the economy development through fundamental, development and applied research, achieving results which provide new products, high technologies and applicable business methods. Standards must provide a uniform access, professionalism, credibility, transparency to education and research users, as well as a comparability of the indicators of quality and business performances in European quality dimensions.

Procedures of quality represent a basis for the implementation of integrated system of quality in a high education institution. Procedures describe all activities of education, research and management of education institution, in a standardized way, which is agreeable with ISO 9000 standard specifications,. Procedures of quality are internal (within institution) and external (consider education-business surroundings as well). Graphical presentation of the procedures of quality by a diagram of activity flow includes a precise definition of all necessary inputs and outputs of integrated activities with the definition of single and group responsibility with terms of execution of all assignments. Procedures of correction should define extra activities which



should be performed in case of variation from the defined procedure due to the activity of disarrangement factors [7].

High education institutions through reform and Bologna process must accept new models and forms of total business. Performances management is realized on three levels: the level of total education, the level of institution and the level of centralized and decentralized business functions. Business performances of high education institutions are related to the teaching process, research programs and administrative activities of non-teaching staff. Business parameters with main indicators of business performances values are defined for each of the three mentioned fields. The status and values of indicators and performances must be defined and measurable in order to manage through feedback all processes and operations of the education-business system of high education institutions [8].

## THE QUALITY OF UNIVERSITY ACTIVITIES

In the management of university activities it is necessary to make a difference between three notions of the system of quality introduction at the university and these are: quality control, quality management and quality assurance.

**Quality Control (QC)** is a process through which the realized quality is monitored, in order to achieve the wanted quality determined by the values of the managed variables, indicators or business performances. Monitoring the process of quality has the objective of eliminating certain causes which give the dissatisfactory functions and results. It is also successfully applied in education (university activities quality control), where high education reform according to Bologna process has set numerous and strict, but justified requirements for new systems.

**Quality management (QM)** is a set of management and leading measures which are systematically conducted on an institutional level in order to accomplish the total quality of faculty and university business.

**Quality Assurance (QA)** is a wide general notion for continuous and always present continual process of the validity of quality (tracking, account, accreditation, preservation and further improvement). For high education systems in European countries, the main contents and request of Bologna process is quality assurance with the accreditation of study programs. In each institution of high education, the activities of internal and external quality assurance are regarded separately, as a pre-requisite of the implementation of accreditation procedure.

A good practice in prestige European institutions of high education contributes to the setting of generally accepted procedures and standards via ENQA net of institutions. For this



reason it is important that these standards are integrated in the processes which are applied in the organizations for accreditation and high education institutions. All standards can be divided into two basic groups:

- Internal quality assurance standards and
- External quality assurance standards

In order to collect information essential for the promotion of the system of quality of the education institution, the system of complementary questionnaires should be created in order to achieve continual quality promotion [9].

Questionnaires of the system of quality can be divided into a few groups:

- Questionnaires of previous secondary schools,
- Questionnaires for students of the first and second study degree
- Questionnaires for students of doctoral studies (the third degree)
- Questionnaires for employees of the education institution

## CONCLUSION

The achievement of high quality of all university activities is the main objective of the academic world as an environment which is capable of and responsible for the setting of the criteria of quality for other fields and whole society. The integrated system of quality defines university activities which start from the requirements of Bologna process and European tendencies in the development of national systems of quality assurance for European universities. Study programs evaluation is a pre-requisite of accreditation, obtained diplomas reputation and a postulate for the high rating on the future ranking list of European universities. Academic institutions evaluation refers to universities and institutes. Internal organization units of universities and faculties (institutes, centers and laboratories) can also be valued through internal evaluation. The system of questionnaires with statistic analysis results represents information for the promotion of all university activities. Accreditation (national or international) is a standardized procedure which is regulated by the Act on university.



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## DATA PROTECTION IN COMPUTER NETWORKS

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### Abstract:

*Internet is an open public network available to everyone. Network security is a matter of great concern. Cryptography is a science which develops the method of preserving secret information. It uses special algorithms, which can be divided into two categories: symmetric and asymmetric. The main difference is that symmetric algorithms use the same key for encryption and decryption of the message, while asymmetric algorithms use different keys in this process. Combining these two categories of algorithms, we get a hybrid encryption system. Digital signature is a special protection technology. The basis for digital signature is the content of the message. This means that each modification of the message leads to signature change. Digital certificate is a digital ID in cyber space, an instrument of proving online identity. CA (Certificate Authority) comprises companies which are issuing a digital certificate. All mentioned steps create intelligent mechanisms of protecting computer networks.*

### Key words:

*cryptography, message, encryption, decryption, key*

### INTRODUCTION

Internet is an open public network available to everyone. Information is spread through various open and unsafe communication paths. There is always a possibility of accessing the paths which cannot be physically protected. Therefore, there is always a possibility of unauthorized use of information, placing false information or their destruction. For this reason, modern business has to include a mechanism which would provide: **protection of information privacy** (the prevention of revealing its content), **information integrity** (the prevention of unauthorized



modification of information), **authenticity of information** (verification and identity check of the sender)<sup>302</sup>.

**Cryptography**, as a science which develops a method of preserving information privacy, provides a solution to this problem. The main elements of cryptography are: **encryption** – the process of coding (transformation) of a legible text into the form which is incomprehensible to those for whom the text wasn't intended, **decryption** – the process of returning encrypted text to its legible form, **key** – the value of an algorithm which is used for encryption.

## BASIC CRYPTOGRAPHIC ALGORITHMS

Depending on the use of key, two categories of algorithms were developed. One is **symmetric**, and the other is **assymmetric**. In other words, there are symmetric encryption algorithms and asymmetric encryption algorithms. The main difference is that symmetric algorithms use the same key for encrypting and decrypting a message (or the decryption key could be easily produced from the original encryption key), while assymmetric algorithms use different keys for encrypting and decrypting a message.<sup>303</sup>

### Symmetric algorithms

These algorithms are divided into two groups: **stream cipher** and **block cipher**. Stream cipher operates so that the coding of the message (the original) is done bit by bit, while in block cipher the coding is done in data blocks, i.e. it takes blocks of different bits (64, 128, 196, 256...), which are then coded as a whole. Decryption is most frequently conducted through *inverse coding*, i.e. the algorithm remains the same, but the subkeys of coding are used in reverse order. This means that both the sender and the recipient of the message use the same key. The privacy and authenticity of the message in this system are based on **the secrecy of the key**. Since the users are on different locations, there is a problem of providing a safe channel for the transfer of the secret key. Everyone who discovered its value in any way could also read and modify all the messages exchanged among the users.

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<sup>302</sup> Anđelković M.: Internet in the Western Balkan region and possible implications in Serbia, MA thesis, BK University, 2007, p. 14-15

<sup>303</sup> Lazarević-Petrović S.: Electronic business – cryptography, Higher Vocational School of Agriculture, Šabac, 2009, p. 109-111



## Asymmetric algorithms

These algorithms are also called **public-key algorithms**. What is specific about this type of algorithms is that they use **two** keys for encrypting/decrypting the message (the original). One key is **public** and can be distributed freely, while the other is **secret** and available only to its owner. Although they are different, the keys are linked together through certain transformations. Knowledge of the key and algorithm of the transformation does not provide the other key. The most important thing is not to send the secret key anywhere else in the entire process of communication, because there is no need for anyone else, except its owner, to know it. This means that the sender could send an encrypted message to anyone who knows his public key, but only the recipient would be able to decrypt the message with his secret key.

Symmetric algorithms are faster by their nature, i.e. their implementation is faster than the implementation of asymmetric algorithms. However, because of certain advantages of asymmetric algorithms, both versions of algorithms intertwine in practice in order to provide higher safety of messages. Asymmetric algorithms are generally used for the encryption of a randomly generated number which serves as a key for the encryption of the original message with the methods of symmetric algorithms. This is called **hybrid encryption**.

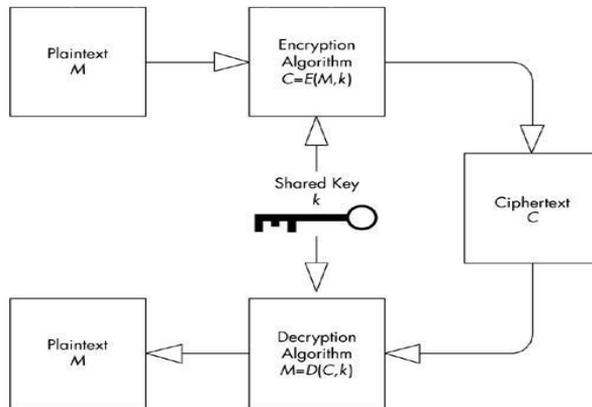
## SYMMETRIC CRYPTOGRAPHY

Symmetric cryptography is the oldest form of cryptography. For the encryption process in symmetric cryptography, it is necessary to know the algorithm and the secret key. The algorithms were once kept secret, but it turned out that their hiding did not enhance the security. All the latest symmetric algorithms have been published. Therefore it is possible to fully test them and check their resilience to attacks. The safety of symmetric algorithms depends on the safety of the algorithm itself and the key length. Symmetric cryptography (picture 1) can be mathematically expressed in the following way:

Encryption Algorithm:  $C = E(M, k)$ ,

Decryption Algorithm:  $M = D(C, k)$ .

Where E stands for encryption function and D for decryption function; k is the secret key unique for both sides, M is the original (plaintext) message, while C is the accompanying encrypted message (ciphertext)<sup>304</sup>.



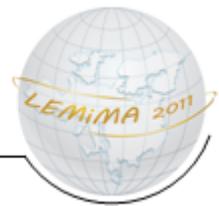
Picture 1. Symmetric cryptography

### DES (Data Encryption Standard)

DES (Data Encryption Standard) is a symmetric encryption algorithm developed in IBM in the mid-1970s, and it was accepted as a federal standard in the USA in late '70s and early '80s. In 1981 ANSI confirmed DES as ANSI standard (ANSI X3.92 Data Encryption Standard). DES is the encryption which transforms 64-bit data blocks into 64-bit encrypted data blocks. The length of the encryption key is 64 bits, 8 of which go to parity checking, so that effective key length is 56 bits. DES encryption/decryption entails several steps. As a standard, DES accomplished its goals (security) and estimated expiration date (20-25 years).

In order to enhance standard DES encryption, "Triple data" standard 3-DES was formed. This is a DES-based algorithm, but it uses 2 or 3 different DES keys. The first key is used for the encryption of data blocks from the original message. This encrypted message can be decrypted with another key. Essentially, decrypting with this key won't lead to the original

<sup>304</sup> Stalings W.: 'Cryptography and Network Security: Principles and Practice', New York, 2006



message, but to a new encrypted message. In the end, the result of decryption is encrypted again, this time with the third or again with the first key. This increased the number of combinations which a potential hacker would have to try out in order to discover the key. The number of combinations for 2 different keys rises to 2112, while for 3 different keys up to 2168 combinations.

3-DES solves the issue of simple DES's key length, but it has another problem. It is considerably slower than simple DES (at least twice)<sup>305</sup>.

### **AES (Advanced Encryption Standard)**

AES is a new encryption algorithm which replaced DES as standard algorithm. Why AES? The reason is simple. With the quick development of information technology, algorithms that were created ten, twenty years ago or earlier, became obsolete in the sense that they no longer provided sufficient security.

The initial idea for developing a new cryptographic standard called **AES (Advanced Encryption Standard)** was published by NIST (*The National Institute of Standards and Technology*) on January 2, 1997. On September 12 of the same year, it officially launched a public competition. 3-DES (*Triple DES*) was marked as a temporary standard until the end of the competition. Only the algorithms with the following properties could enter the competition:

- Symmetric block algorithms with public code,
- Block size support of at least 128 bits and
- Key size support of 128, 192 and 256 bits.

At the first AES conference (called *AES1*), held on October 20, 1998, NIST announced the acceptance of 15 candidates to the competition: CAST-256, CRYPTON, DEAL, DFC, E2, FROG, HPC, LOKI97, MAGENTA, MARS, RC6™, Rijndael, SAFER+, Serpent te Twofish. At the same conference NIST searched for public comments on received algorithms and for that purpose it opened public pages and forum where people from the entire world could see algorithm codes and take part in public discussions and analysis of algorithms. All received comments were discussed and analysed at the second conference (*AES2*) held in March 1999. On August 20, 1999, five finalists were chosen based on comments, criticism and analysis: **MARS, RC6™, Rijndael, Serpent** and **Twofish**. At the third AES conference (*AES3*) held in

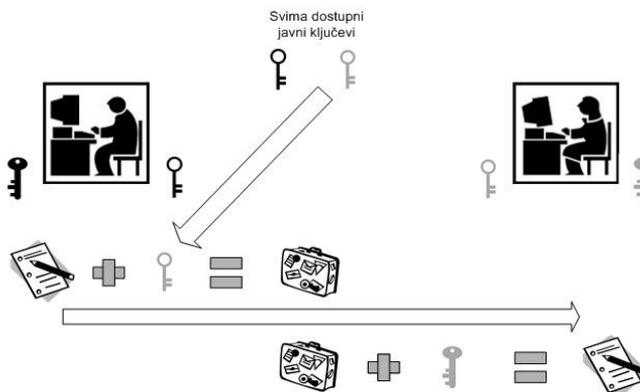
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<sup>305</sup> Triple DES algorithm: <http://www.aci.net/kalliste/des.htm>

April 2000, public analysis of the finalists continued until March 15, 2000, when AES<sup>306</sup> was chosen as the new standard.

## ASYMMETRIC CRYPTOGRAPHY

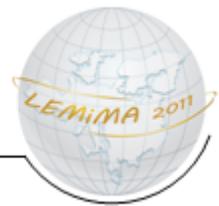
The founders of asymmetric cryptography were W. Diffie and E. Hellman, who described the idea of cryptography in 1976, based on two keys, private and public. Information encrypted in public key can be decrypted only in private key. The keys are connected with a one-way function. That is to say, private key cannot be calculated from public key, or at least it cannot be calculated in a reasonable amount of time. Asymmetric cryptosystems are based on certain properties of numbers which is related to number theory. With encryption, the original text is coded as a sequence of natural numbers, which are, through selected encryption function and key  $K_e$ , calculated into a sequence of numbers of encrypted text. Encryption function has to be such that the hacker can only with great effort discover the original sequence of numbers from the encrypted text. However, if we know decryption key  $K_d$ , it is easy to calculate the original sequence of numbers. Asymmetric encryption (picture 2) is a more complex type of data protection<sup>307</sup>.



Picture 2. Asymmetric cryptography

<sup>306</sup> AES algorithm: <http://www.nist.gov/aes>

<sup>307</sup> Faculty of Electrical Engineering: <http://www.etf.bg.ac.rs>



Asymmetric algorithm represents a solution for the first two conditions: protection of information privacy and preservation of their integrity. There is still an open question about the authenticity of information. Ensuring the authenticity of information, i.e. defining and checking the sender's identity is established with the use of digital signatures and digital certificates.

### **RSA algorithm**

*RSA algorithm* is one of the most frequently used asymmetric algorithms today. RSA is an abbreviation derived from its authors' surnames: Ron **R**ivest, Adi **S**hamir and Leonard **A**dleman. It was created in 1977. The key role in RSA algorithm is taken by large prime numbers. Prime numbers (P and Q) in this algorithm are used for generating public and secret keys through the following simple formulas:

$$K_{\text{public}} = P * Q$$

$$K_{\text{secret}} = (2 * (P - 1) * (Q - 1) + 1) / 3$$

Algorithm of coding and decoding consists of two formulas.

Coding:

$$M_{\text{coded}} = (M_{\text{original}} ^ 3) \text{ mode } K_{\text{public}}$$

Decoding:

$$M_{\text{original}} = (M_{\text{coded}} ^ K_{\text{secret}}) \text{ mode } K_{\text{public}}$$

For the encryption of files, 1024, 2048 or 4096-bit keys are used<sup>308</sup>.

### **PGP (Pretty Good Privacy)**

PGP is a hybrid encryption system, because it combines symmetric and asymmetric encryption. If possible, data is packaged before encryption. This is useful for two reasons. First, there is a smaller amount of transfer data. Secondly, there is additional security, because packaging eliminates the occurrence of similar parts in the original file. After packaging, PGP makes a temporary key, or a random number which is generated by the user's mouse movements or

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<sup>308</sup> RSA algorithm: [http://www.dimgt.com.au/rsa\\_alg.html](http://www.dimgt.com.au/rsa_alg.html)



keyboard clicks, since they are also random. This key is disposable, because it is used to encrypt the data with symmetric algorithm. PGP then encrypts only the temporary key through asymmetric algorithm and joins it with encrypted data. Decryption is done with a reverse process. First PGP decipheres the temporary key with the secret key, and then uses it to further decipher the data. When these two types of encryption are used, we get the desired effect: quick encryption with the safe transfer of the key. The key is transferred, but it is encrypted, so that only the person with the secret key can decipher it<sup>309</sup>.

### Digital signature

Digital signature technology also uses the technique of asymmetric encryption. The keys are mathematic algorithms issued by a certificate body. The purpose of a digital signature is to confirm **the authenticity of the message** (the proof that the message wasn't modified on the way between the sender and the recipient), and also to **guarantee the sender's identity**. The basis for a digital signature is the content of the message. With the use of an appropriate cryptographic algorithm, the sender from his message of arbitrary length creates a fixed code (e.g. 512 or 1024 bits), which completely reflects the content of the message. This practically means that each modification in the content of the message leads to signature change. The sender further encrypts this code with his secret key and thus creates digital signature which is sent along with the message<sup>310</sup>.

### Digital certificate

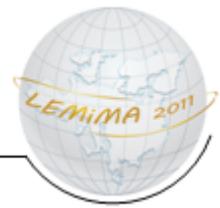
Digital certificate is a digital ID in cyber space, an instrument with which the users prove their identity online. CA (Certificate Authority) are the companies which issue digital certificates. Digital certificate of each server issued by CA has to contain the following data:

- The name of the organization
- Additional identification data
- Public key
- Expiration date of the public key

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<sup>309</sup> Radenković B.: Electronic business – current state and perspectives, Faculty of Organizational Sciences, Belgrade, 2007

<sup>310</sup> Faculty of Organizational Sciences: <http://www.simlab.fon.bg.ac.rs>



- Name of the CA which issued a digital certificate
- Unique serial number

All this data forms a certificate which is encrypted with the use of the CA's secret key. If the user trusts CA and has its public key, then he can trust the validity of the certificate. It is very likely that the user's web browser already contains CA's public key, because Netscape and Microsoft estimated which CA is most reliable, and so they included their public keys in their browsers. The most frequent standard for digital certificates is X.509<sup>311</sup>.

## CONCLUSION

When computer networks first appeared, not much attention was paid to their security, because at the time they were mostly used for exchanging electronic mail or printing documents in the companies with several computers which were all linked together.

Today, when electronic networks are available to everyone, their security is highly important. If it wasn't, we wouldn't be able to buy things online or to do various bank transactions. Not a small number of people are trying to breach network security in various ways. They are trying to read or to modify the content of the messages that are available through the network, although they are unauthorized to do it. For instance:

- a student will try to read another person's e-mails in his spare time
- a hacker will test somebody's security system, trying to steal their data
- businessmen will try to discover their competitors' plans
- a laid-off worker will try to take revenge on his employer
- an accountant could embezzle money from his company
- a thief will try to steal other people's credit cards and use them for shopping
- a spy will try to discover the size of the enemy's military force.

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<sup>311</sup> Faculty of Organizational Sciences: <http://www.simlab.fon.bg.ac.rs>



All these examples indicate that it is necessary to create intelligent mechanisms which would enhance security in computer networks. Satisfactory results have been reached with the use of different encryption algorithms, with which the data is concealed and safe for transfer. The use of authorization procedure ensures safe communication between two sides. Moreover, the introduction of digital signatures and SSL procedure enabled a safe way of doing bank transactions and exchanging valuable documents.

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## BUSINESS NEGOTIATIONS IN INTERNATIONAL ENVIRONMENT

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### **Abstract:**

*The negotiations are inevitable companion of modern man, even when they are not aware of it. Consciously or not, negotiations are constant in a variety of life and work situations. The fact it is present and often, do not necessarily mean that negotiations are performed well. Negotiation, especially those on business, is a learning skill. It is a communication process aimed at the rational resolution of problems or conflicts of interest between two or more parties. This process is extremely complicated even when it comes to people from the same cultural environment, and when it comes to international negotiations is becoming more complex due to differences in language, culture and its values, lifestyles and so on. Many experts say that successful negotiation results achieved by those people who have the knowledge, skills, and personal characteristics necessary for negotiation, but also those who have a detailed plan of negotiations. With this in mind, anyone who tries to achieve good results in the negotiating process in the international environment must be familiar with the entire process of negotiation, i.e. the fundamental principles of the culture of other negotiators.*

### **Keywords:**

*business negotiation, business communication, culture, international environment*

## **NEGOTIATION**

Negotiation is a form of communication, sort of dialogue between parties that are trying to solve common problems, misunderstandings, to made, and finally reach an agreement. Negotiation means that there are at least two sides and those two sides have certain interests that are in conflict, but they also have interests that overlap. This area of overlapping interests leads to negotiations.



Negotiations are taking place on a personal level, each individual (in marriage, parenting, etc.), as well as management and economics, organizations, etc. Negotiation is a process that happens every day.

Although negotiation is very old human and business activity that is at least as long as the trade during history development but did not received much attention in scientific circles. With studying of negotiation as a phenomenon, which started in the '60s of the twentieth century, only the last few years begun to pay serious attention to this issue. Since then, multiple aspects of negotiation are studied: social, cultural, communication, ethical, legal, economic and others. In this sense, in the literature is possible to find many definitions for business negotiations, and in 1973, Hemy Mintzberg classified negotiation into one of the ten basic tasks of managers [12].

## **INTERNATIONAL BUSINESS ENVIRONMENT**

As the last decades are characterized by rapid change and increasing unpredictability, business negotiations have become more frequent than in previous decades, and therefore more complex and more important to achieve business success. Different parts of the world are gradually becoming linked and interdependent, and very remote areas connected. Therefore, creating a global market based on intensive movements of goods, capital, and labor, it is improving everyday communication and negotiation skills of each individual in the domestic and international environment.

Business negotiation in the international environment is significantly different from negotiation in the domestic environment, and requires special knowledge on various issues. In the global operations, exactly these differences between cultures challenging the negotiation process. Culture influences the way people think, their behavior and how they value specific phenomenon. In addition, there are significant differences in lifestyles, language, cultural values, and so on.

In order to provide successful international business negotiations, and to achieve the desired objective, a good understanding of cultural and business customs of a foreign partner is necessary.

So, in the preparation phase before the start of negotiations it is necessary to address some fundamental issues such as: what we know about the culture and tradition of the country, a new business partner?, What are the business customs and etiquette rules in its country? Do we have enough language knowledge necessary to negotiate a good understanding of the partners or it is necessary to engage an interpreter?, Is it possible to acquire a minimum knowledge of the negotiator's language? etc. [13] In particular, inappropriate or even obscene negotiator will be considered one whom is totally unfamiliar with foreign partner's culture, religion, politics, and



social life of the country. Moreover, vice versa, will be particularly appreciated every negotiator, showing at least a basic knowledge and interest in the tradition of the country, especially if you know at least a few words and phrases language of fellow negotiators. Therefore, detailed knowledge of the cultural significantly different partners can only be an advantage in the conducting of negotiating.

When preparing for negotiations it is important to avoid false assumption that members of other cultures perceive and think the same way, because national culture of negotiator determines its attitudes toward work, time, change, innovation and the like. Of course, generalizations should be avoided because not all individuals follow cultural stereotypes. In addition, personal characteristics of negotiators (e.g. age, gender, or race) can affect the outcome of negotiations. The success of negotiations also depends on the quality of appearance before foreign business partners. During business negotiations, it is desirable to show good skills in the field of rhetoric, logic, general culture and education, communication, sociability and so on.

Undoubtedly, the first business meeting looks careful preparing so it would not be the last one. The importance of creating trust at the beginning of negotiation is essential and the impression one gains about the partner gained during the first meeting is very important. Major role in the business negotiation plays careful listening, which involves asking the right questions careful listening of the answers and what is being said. Generally takes at least three meetings to conclude a job: the first meeting to gather information on the objectives of the company of the partner, its habits in business and efforts to find out who makes decisions. On the second, the proposals are suggest, and on the third those suggest repeat to right people and drawing up contracts. After signing of the contract, a period of maintaining good relations and successful cooperation begins. Diplomatic business skills are especially important. [13]

## **OVERCOMING PREJUDICES AND STEREOTYPES**

The great danger in international negotiations is the existence of prejudice and stereotypes.

Often prejudices concerning sex. Sentence such as men should do "real" jobs, and women are good housewives, mothers, secretaries and so on still exist. In some countries, gender may be a cause of unsuccessful negotiations, because there are differences if you send a team to negotiate with the woman at the helm, which is quite acceptable in Denmark or Sweden, while in Portugal or the Middle East as head of the wife to watch with suspicion. Modern man grows up with many stereotypes when it comes to descriptions of foreigners, and can often be heard that the Germans are cold, England are harsh and uptight, French are bureaucrats, the Italians are in a chaotic approach to work and so on. However, their culture is different from ours, and we watch them from our perspective. That is the main problem. To understand that the business partner is a representative of a different culture, often very different from ours, to overcome this fact, and then find out how exactly this particular human



being function, what motivates him, how it works and communicates is probably the biggest challenge for the modern manager.

The fact is that biases are related to gender, race, nationality, physical characteristics, property, etc. may limit the possibility of successful communication with interlocutors, and thus a successful business negotiation. Each individual is in bondage to certain prejudices, depending on education, the environment they grew up and lives. However, if an individual finds in itself understanding and successfully build flexibility, it will be on the road that leads to successful business negotiations.

## **BUSINESS NEGOTIATIONS WITH SOME COUNTRIES– PRACTICE EXAMPLES**

Current Serbian foreign policy, summarized in the formulation of the three pillars, involves European Union, Russia, the United States.

### **Germany**

In the framework of the European Union, as one of the most important partners of our country, a prominent business partner is Federal Republic of Germany. Thorough knowledge of the German style of business, philosophy of life and work helps to establish successful business relationships, and avoidance of errors that may have far-reaching negative consequences.

In business relations, Germans are generally oriented to long-term deals. The Germans are very precise, and every activity is planned. In the negotiations, all the details are agreed, in order to avoid misunderstandings later. Detailed arrangements subject to discussion and participants must be previously agreed. Rapid providing of information on issues related to preparation of meeting is expected. Meetings are planned and are timely limited. The entire preparation of the meeting should be available in writing, compact, and clear.

The accuracy of the German culture should never be underestimated or taken lightly. If the meeting is delayed 50-10 minutes from the scheduled time, it is considered uncultured, and if the delay is more than 15 minutes, it is an insult to the host. It is advisable to schedule meetings at intervals from 10 to 13, or 15 to 17 hours.

Before meeting with people from other communities, the Germans have tended to study very well the history, culture, and customs of that nation. They do not gesticulate while talking, but they closely monitor the movements of the interlocutors. In business communication, use standard language, avoid dialects, and often in communication with foreigners use English. This shift is especially pronounced in the last decade, and there is increasing openness to the nation for other cultures and languages.



In business meetings with the Germans, handling is practiced upon arrival and departure (first to be handled with the oldest member of negotiation team and then with others). Attention should be paid to the rules of etiquette. Many Germans strictly separate the private life of the business, so it may not respond to questions about marital status, family, or other things that they consider private. In addressing, it should be used "Frau" or "Herr", followed by last name. Speaking with respect is required, unless fellow negotiator otherwise request.

After the meeting, the results are delivered in writing.

An important basis for decision-making in German negotiators is the confidence in business partners and the relevant market - exhaustively and carefully examined. In addition, with Germans during decision-making a subjective feeling often plays an important role, as opposed to the usual widespread clichés. [14, 9: p.169]

## **France**

France as a country has always played an important role in European and World levels. It is the seventh country regarding the size of the investments in Serbia, and according to French Ambassador Jean Francois Terral, the French desire to be among the top five. In May 2009, it is agreed to establish a strategic partnership between the two countries and thus Serbia has become the only European country outside the EU, which would have this kind of partnership with France. However, the business practices of our two countries are different in many aspects, which can significantly affect the outcome of negotiations and operations with the French business partners.

Meetings in the French business culture often does not involve making decisions and plans, so it is necessary to carefully analyze what happens during the meetings. As for the assessment of the problem, the French have a holistic approach and want to see the bigger picture and background of the situation to determine direction for resolving the situation arising.

It is very important to respect formality in dress, with a calm voice and properly behavior, which is in line with the French notion of dignity. The French appreciate privacy, free time usually devoted to family and old friends, and they do not talk in business meetings about the private life.

Loyalty to the company is considered a virtue, and managers themselves are facing their organization in which investing their career, identify with it. The best description of this principle is that the French manager will say that it is a member of a particular company where he/she works on "a particular position", while the American managers say it is an expert at "a particular position" and that work in a "particular company." Therefore, any criticism of the company or the French government in business relationships is not recommended, because the French take it personally.



The specificity of communication in France could be described by the expression, "Toute vérité n'est pas bonne à dire" (not every truth is good for taking out). The French believe that the information is very valuable and should be forwarded to the right place at the right time. Storage of information is correlated with the understanding that knowledge is power.

Knowledge of French is always an advantage and can bring greater respect of the other side, but the French often use non-verbal communication of "high context", which can be difficult to interpret, so in the course of negotiations an interpreter is desirable. [15]

### **Russian Federation**

Today, speaking about the Serbian-Russian relations, the stress is most often placed on the historical and political ties. Equally important are cultural, artistic, religious, and business ties of two nations. Due to long-term contact, impact, cultural and spiritual exchange, Serbs and Russians have created a space of cultural and spiritual interweaving. Unfortunately, it often happens that these aspects of the relationship of cultural connections make it easy to turn into a cliché. Thus reduced to the labels, which can be a barrier in various spheres of human activity. It also refers to the existence of still large differences in business culture of Russia in relation to our business culture.

For instance, scheduling a business meeting with Russian business partners, it is desirable to do in advance that the meeting could be confirmed the number of times. Meeting date changes are common, the precision is necessary, but also flexibility. This would mean that foreign business partner must be accurate, but for the Russians delay of an hour or two is usual. If you are familiar with this information, it is necessary to allow time for any meeting, because it is not just about the beginning but also the duration of the meeting. For negotiation it is necessary to bring all the documentation and try to keep talking with people who are in higher positions because they sent people to new clients who do not have the authority to make decisions. You should also know that the Russian business culture is very hierarchical, and only those who are at the correct position could make decisions. Nevertheless, lately business culture of the Russian Federation is becoming closer to commercial cultures of modern European states.

### **U.S.**

Management, as a scientific discipline that is taught in educational institutions around the world largely began in America, a country that has been a leader in the creation of the principles of modern management theory. In the United States a specific form of management that is in a strong relation with the culture and social values of this country and that still represents a model for other countries in the world has developed.



The main cultural characteristic of the United States is exceptional ethnocentrism because of which this country is often closed for most of the external information. Americans are not too familiar with the history and developments on the world stage, they are completely focused on the present and future and do not think about the past. The fact is that the United States has a huge market that is largely oriented towards itself, and many U.S. companies are relatively new in the global market.

The competition is expressed at all levels in America as one of the basic rules, and innovation is highly valued as a driver of the economy and society, so often takes precedence over tradition. Compared to other regions there is a strong orientation toward individual initiative and achievement, and material progress is more important than the humanities. [16]

However, Americans are very open to work with foreigners.

When an appointment with a potential business partner is agreed, on the first contact, the openness and friendly mood is expected, a smile on the face is more than welcome. You should also avoid any breaks in sentences and conversations. Seclusion and quiet, just like the confusion, can only bring a big minus in the realization of relations with U.S. trading partners. American partners should be called "Mr." and "Mrs.", and through the next few sentences, they will surely move on to address by first name, which is in the American business world entirely normal. When you begin business negotiations (after three or four minutes of introductory chat) discussion last without interruption until the final results and until a final agreement.

Americans pay attention to every word expressed by their business partners. In modern communication, they are expecting modern and current business vocabulary and the knowledge of their language. In addition, during business negotiations it is important to avoid issues related to politics, religion, race, and gender. Political correctness is expected from the other party in the negotiations. Americans are generally polite, but in most situations directly say what they think about certain things, without the intention to insult any one. In many business cultures, this is considered aggressive and inappropriate, but in any case, it should not be taken personally.

In America, time is everything, and most of the money that is driving the entire American society. Profit is the beginning and end of each business idea and proposals. Americans are results-oriented and most importantly is to achieve as more and earn more, all in the shortest possible time. With this in mind, it is clear that the business processes in the U.S. is quite short. There is no long consideration, deliberation, testing, or other actions that may take away valuable time. In America, time has a tangible and material value. Therefore, in any case the U.S. partners must not be left to wait, because the time is the most valuable treasure for them, and each hold is inexcusable and shows disrespect for the job.

The Americans quickly established business relationships, but their relationship does not go deep, and are not long-lived, because they focused on the business and its essence, not so much on the relationships between people. One of the best ways to do business successfully with



American business people is to access to a job as a pragmatic and professional approach. Focus on business and directness in this sense can create good business practice, as a way to trust and successful cooperation with American business people. Although the overall pace of American business is accelerated, all of these trends have its charms. It is only necessary to surrender and have persistence and endurance that American partners will certainly appreciate. [17]

## RESUME

Negotiating is a complex process, which if is successfully guided, can lead to achieving goals or signing contracts. During the negotiation, it is necessary to listen to conversationalist and analyze non-verbal signals to detect the hidden messages sent by the negotiator. It is also advisable to pay attention to your own tone, gestures, and mimic, as they are an essential element of negotiation. The first impression is also very important. According to some studies it has been shown the sympathy on the first meeting occurs because of the friendly facial expressions (55 percent), followed (in 38 percent of respondents) friendly tone of voice is an important fact, while all that is said impact only 7 percent of the respondents. During the negotiations, it is necessary to pay attention to its own motion considering that 70 percent of our communication is nonverbal [18]. People communicate based on the way one stands, sits, and taps its fingers and the like. Body language and gestures, but smile, are not universal. You should also pay attention to the rules of personal space, maintaining eye contact, and particularly of the fact when and in which way touching is allowed.

Careful listening, asking questions, and giving the other side the opportunity to give its opinion lead to a successful negotiation. Otherwise, negotiations can be disposed without real chances to achieve definitive agreement. International business environment and international business have become increasingly important. Due to the development of communication and creating access to all regions, there is not one economy, or society that is self-indulgent. Due to the inclusion of our country into European and international developments, more attention is paid to the problem of international business negotiation. Only international negotiation has become the standard, which is a big improvement over the earlier treatment of business meeting of representatives of different cultures and peoples.

Negotiation with a foreign partner is a specific form of execution of tasks. The first feature of these negotiations is a direct contact between participants in the activity with different laws, currencies, and institutional framework in a country. It is also necessary to be well informed about social movements, revolutions, and on the other side, on climate conditions, natural disasters, and the like since the whole complex of factors affects the success of negotiations. However, this paper focuses on the socio-cultural determinants of the negotiation process. The specificity of the negotiations with foreigners is that you negotiate with people from different countries, and on the other side of the negotiating table sat representatives from different



cultural, linguistic environment, companies with different levels of development and as such - a very complex assembly of personalities. Therefore, awareness of cultural differences is essential. Before talks with new foreign partners, it is necessary to study cultural policies and business practices of countries negotiators.

And certainly, it should always bear in mind that during the talks both sides try to negotiate an agreement that is acceptable to them, and perhaps best through open communication, asking questions and friendly contact to avoid potential problems, establish trust and thus successfully negotiate in international business environment.

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## MACROECONOMIC APPLICATIONS OF THE MONOPOLIZED MARKET IN SERBIA

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### **Abstract:**

*The aim of competition policy is reflected in the development of competitive markets and sanctioning of anticompetitive behavior, all with the aim of improving economic efficiency and consumer welfare. In Serbia, it still does not work because the business of a significant number of public and private enterprises monopoly. Due to inherited structural disparities, once closed autarkic economy that was based on public ownership, it is understandable that any competition policy could not provide the expected contribution. In the circumstances of the current economic and financial crisis there has been a drastic decline in FDI, increasing corruption, deterioration of the institutional and investment environment, the real decline in exports, the growth of external debt and trade deficit, rising poverty and unemployment and loss of competitiveness of the country, which has limited progress toward establishing functioning of market economy.*

### **Keywords:**

*competition policy, FDI, business climate, macroeconomic indicators*

## INTRODUCTION

The most important goal of competition policy is reflected in the protection of the market mechanism by developing competitive market structures and supervision of non-competitive behavior, all with the aim of improving economic efficiency and consumer welfare. Measures that encourage competition, and thus the volume of production is called anti-monopoly policy (Antitrust Policy), [2]. It can be run in several different ways, either through anti-monopoly legislation or through the careful supervision of firms. Due to permanent existence of various forms of harmful practices, since ancient times and Middle Ages, there is a variety of legal forms that are preventing the restriction of competition. They once grew in importance as they contributed to the survival and welfare of the population. Since the nineteenth century, as a



crucial problem in the functioning of the economy, there were monopolistic companies that were using their market position, charged high prices, and appropriated extra profit. Therefore, the competition is one of the first spheres of the economy whose regulation began in the world at the end of the nineteenth century, first in America, and later in the more developed European countries.

In modern economic systems, free market economy is the dominant way of doing business based on the spontaneous action of the law of competition in the presence of state regulation, to the extent necessary to enable the implementation of antitrust laws. Under competitive market behavior is understood subjects (same, similar, or different market power) in exchange that affects the relationship between supply and demand, i.e. modality of the observed market structure. Author Michael E. Porter points out that competition should be viewed in a broader context that assumes that all market actors (buyers, sellers, suppliers, manufacturers of substitutes and potential new entrants in the market) compete with each other, [5]. Monopoly, as the very opposite of a perfect market and the only participant in the supply side, the rising price of their products above marginal costs, which achieved market power. The aim of monopolistic enterprises (regardless of whether it is a public or private entity) is reflected in the appropriation of the highest possible profit. Since there are no competitors, their behavior affects the prices and the reduction of supply, which directly reflects the loss of consumer welfare. Monopolistic market, caused by a lack of competitive pressure, also leads to an increase in average costs, as well as to the occurrence of production inefficiency. Unlike economic monopolies that invest in research and development in order to develop new technologies, and thus affect the growth of its efficiency, there are monopolies that are the consequence of state intervention which impose or raise barriers to entry of potential competitors (administrative monopolies). To these companies are usually awarded exclusive rights to perform certain activities (e.g. exploitation, or refining). Such companies are, in principle, willing to invest their own resources (knowledge, labor, and capital) in order, and with less monopoly profits, to do business successfully. Political interests often accompany the effects of these monopolies. Finally, there are natural monopolies, which are based on economies of scale and result from limited resources, [1].

## **MACROECONOMIC EFFECTS OF COMPETITION POLICY IN SERBIA**

As a country in transition, Serbia is characterized by deep structural disproportions inherited due to the closed autarkic economy that was based on social ownership. Hence, expensive and inefficient economy and the state administration caused a low and declining efficiency of investment and consequently economic growth. These are the long-term trends in particular showed in the '90s of the last century, causing a series of adverse macroeconomic performance. On the other hand, the standard of living has drastically declined, as there has been a steep increase in the number of poor, unemployment, the appearance of the underground economy and falling real wages and pensions. In these circumstances, the inherited industrial capacities,



and large public companies did not have the conditions for normal economic activity. Therefore, even a modest level of investments in the period 2001-2008 was not able to compensate for long lag and inefficiency of investment from the previous period. In addition, the structure of investment was extremely unfavorable, as is most of the tradable sector remained at the level of a quarter century ago [7]. Serbia was not able to achieve competitive advantage in international trade for two reasons: 1) already mentioned growth lagging as a result of the historical heritage and 2) very unfavorable growth structure with significantly below-average growth in productive sectors, and also above-average services (transport, storage and communications, trade, financial intermediation, etc.). Therefore, the problems of foreign trade imbalance and future growth were determined by the above-mentioned factors. No economic policies (especially fiscal and monetary) could contribute to alleviating the imbalance. This should add substantial effects of unreformed public sector and unreadiness of institutions that contributed to the transfer of foreign capital to consumption. It is understandable that, under these circumstances and in an undeveloped market nor competition policy could not provide the expected contribution. The explained aspects have led to recession, the fall of the country's competitiveness, rising unemployment, deteriorating social position of all layers of the population, falling real incomes and purchasing power of citizens, as well as to reduce the perspective of individuals and society as a whole. At the same time, the fall of real drop in exports was recorded, falling production, growing foreign trade deficit, falling gross domestic product (GDP), a drastic decrease in the inflow of foreign direct investment, and thus initiate an adverse economic environment occur. Democratic change and liberalization in the economic sphere, or the acceptance of market economy have not led to expected results. In addition to the above, the global financial and economic crisis could not pass Serbia either. Poor coordination of sectoral and economic policies, inadequate concentration of economic and non-business activities, and ignoring the principles of competition policy, are among the factors that threaten economic development. In the latest report of the European Commission for Serbia for 2010, one states that, in the circumstances of the current economic crisis, limited progress toward establishing a functioning market economy was recorded. Serbia needs to make further efforts in restructuring the economy so it could solve problems related to competitive pressure and market forces within the European Union. The Serbian government also prolonged reforms to deal with structural imbalances. The report further states that the labor market continued to decline, while the privatization of socially owned enterprises remains stagnant due to the cancellation of many sales contracts. The business environment for years suffered from complicated administrative procedures and weak rule of law. It also states that problems in the areas of distortion of competition (due to effects of a significant number of public and private monopoly companies) and infrastructure present obstacles to successful business. However, in terms of competition policy is still assessed that there has been some progress in the fight against the monopoly of using the new Law on Protection of Competition. This applies especially to change of the concept of understanding market, merger application, the individual and block exemptions from the restrictive agreement, and the application program exemptions from penalties in case of voluntary registration of cartels [11].



## FDI INFLOW

Under the influence of global financial and economic crisis in Serbia and in the region of Southeast Europe, in 2009, and especially in 2010 there was a drastic decline in foreign direct investment as indicated by the data in the following table.

**Table 1:** Inflow of FDI in Serbia per years (in millions of euros)

<b>Year</b>	<b>Amount of FDI</b>
2001.	184,0
2002.	500,0
2003.	1.194,0
2004.	774,0
2005.	1.250,0
2006.	3.323,0
2007.	1.820,8
2008.	1.824,4
2009.	1.401,5
Cumulative from I to IX 2010	595,0
<b>TOTAL</b>	<b>12866,7</b>

Source: [8]

While Serbia in 2010 recorded an insignificant and almost negligible (about six times smaller) inflows of FDI in relation to a record 2006, and almost three times lower inflows (cumulative from January to September 2010) in relation to the previous 2009, according to a study called *Model ravnoteže mora da se menja*, by the Economics Institute in Belgrade shows that the share of investment in GDP had to be increased from 18-19% to 25-30%, [6]. Obviously, it is clear that this is a high-mounted and currently unrealizable goal, and that Serbia has to change the



current strategy of attracting FDI. Besides the urgent need for changing economic environment, one possible alternative lies in attracting smaller companies (e.g. in the field of metal processing, plastics, electronics sector, food and textile industries, etc.) that do not have high demands and which are easier to come up with compromise solution.

## **PROBLEMS OF THE BUSINESS CLIMATE IN SERBIA**

Leading foreign direct investors in Serbia, supported by the Investment Forum for Southeast Europe, in recent years established a Council of Foreign Investors to contribute to improving the investment climate in Serbia. The Council, as a constructive and of reference body, today consists of representatives from more than 20 countries. Acting in various industries, the Council members have more than a quarter of total FDI in Serbia and employ local people. Given the importance of this body, there is a need for careful analysis of all the suggestions of the most significant investors in the country on a comprehensive plan: starting with the legal and regulatory framework, through the social framework, to specific areas (as is the case with environmental protection). Foreign Investors Council says that it is necessary for Serbia to continue structural reforms to improve enforcement of the law and maintain fiscal discipline. It points to the fact that it is necessary to ensure predictability of business terms and that it is necessary to adopt a law on execution of court proceedings, because lengthy litigation burdens the economy [12].

As the largest macroeconomic risk that the Serbian economy is facing related to rapid and significant reduction in the inflow of foreign capital and the balance of payments crisis, it is said that foreign investors are particularly concerned about the fact that to the low rating of Serbia, in terms of global competitiveness, largely contributed factors that are particularly relevant to their business. This is primarily related to property rights, the burden of state regulation, the efficiency of the judicial system in resolving disputes, the inefficiency of antitrust policy, the cooperation of unions and employers, and others. The Council also considers it necessary to devote more attention to the adoption, and implementation, legislation that would complete the institutional framework for a functioning of the market economy. In short, the most important recommendations of the Foreign Investors Council are [3]:

1. Intensifying the fight against corruption that particularly affects small and medium enterprises;
2. Increase of transparency in decision-making processes;
3. Encouraging more efficient framework for business start-up
4. Completing the privatization process;



5. Intellectual property protection;
6. Rigorous restructuring of the economy;
7. Maintenance of current efforts to control inflation;
8. Continuation of the policy of establishing the exchange rate based on supply and demand of foreign exchange;
9. Control of public spending as a prerequisite to efficient functioning of competition policy and others.

In addition to the above-mentioned requests, the Council insists on consistent application of antitrust policy, in terms of requests for adjustments of the market, regulation of monopolies, introducing competition in infrastructure and utility services, as well as regulation of property rights. Creation of an adequate business climate in Serbia relate to creation of good local, i.e. regional business environment for manufacturing entrepreneurship.

## **THE GROWTH OF UNEMPLOYMENT AND DECLINE OF REAL GDP IN SERBIA**

Though there are a reduced inflow of FDI and bad business climate, monopolized Serbian economy is strongly correlated with economic and financial crisis affected the state of unemployment and GDP. In comparison with 2008, in Serbia in 2009 gross domestic product fell by 3%, which is considered a small decrease in comparison to the reduction of GDP in Slovenia (by as much as 7.8%) and Croatia (5.8%). Industrial production, which is the lifeblood of the economy of each country, fell by 12.1% in 2009. At the same time, investments in infrastructure, as a sector of which largely depend on other economic activities and who acts as the multiplier of economic growth the country, fell by more than 20%. Agriculture grew by 2.5% which was slightly alleviated the effects of the fall of the total value of GDP in 2009. [9].

As a result of global recession, monopolized market structure, and the decline in demand in foreign markets, exports of Serbia in 2009 dropped by impressive 26%. In 2010, there was a considerable growth in exports of about 58%, [10], which is exclusively associated with a low statistical base of accounting changes. On the other hand, imports in 2010 recorded growth of 32%, which is reflected in a slight increase of trade deficit of 2.7%. The total number of employees in January 2010 amounted to about one million and 850 thousand citizens, which is 6.7% less than in January 2009. According to official data of the Statistical Office of Serbia, the unemployment rate in October 2009 was 17.4%, which is 2.7% higher than in the same month



last year. At the beginning of 2011, the historical unemployment in Serbia has been seen. Table of the most important macroeconomic indicators of the Serbian economy in 2009 and 2010 follows:

**Table 2:** The most important indicators of the Serbian economy in 2009 and 2010, expressed in %

Macroeconomic indicators	Indexes for 2009	Indexes for 2010
GDP	-3,0	+4,6
Economy	-12,6	+6,3
Agriculture	+2,5	-2,7
Exports	-26,0	-2,7
Employment	-5,1	+0,6
Real wages	-0,1	0
Inflation	+6,0	+3,7

In the meantime, drop in real purchasing power of population were recorded so that the average nominal wages in January 2010 was 29.929 dinars (300 euros), a decline of 1.1% compared to earnings from the beginning of 2009. It was also marked the decline of pensions by 4.4%. It is the relationship between the total number of employees and pensioners in Serbia is a very bad (1.2). During 2010, inflation jumped from predicted frames. When reached 10.3% against the projected rate of 6% 2%, there was a depreciation of the dinar, the relatively modest economic growth, as well as a sizable growth in exports.

## THE NON-COMPETITIVENESS AND EXPORT SITUATION IN SERBIA

The monopolization of the markets of Serbia, an inadequate number of market agents, and the current economic crisis has changed the once applicable model of development in the direction of growth of domestic demand, foreign direct investment, and export expansion as a key factor for future economic growth. In order to realize such a model, it is necessary to improve



competitiveness and increase productivity in order to achieve impact on growth and living standards. Innovation, macroeconomic policy, quality of infrastructure, social relations, political institutions, institutional and investment climate are key factors in improving the competitiveness of the country and its exports. In addition to macroeconomic components, great importance is given to the microeconomic factors (operational efficiency, improving productivity, and innovation) for applications based only on the dimension of the low prices of inputs and low productivity, leaving little to strengthen the export position of Serbian companies and confirmed their unenviable ranking on the WEF World Economic Forum scale of competitiveness. On the non-competitiveness of export products of the domestic economy certainly affects the problem of frequent corruption. Corruption occurs when matching private wealth and public power. After the October changes, it was considered that construction of a free market economy and the strengthening of parliamentary democracy will prevent its occurrence. In contrast to the (un)realistic expectations, economic growth in the past decade was accompanied by the strengthening of corruption in all spheres of economic and social life, which has drastically affected the slow development of democratic institutions and economy of the country. Corruption is destructive for the functioning of the state because it causes a gradual deterioration of the economy and society. Although it is difficult to quantify its negative effects, the fact is that the scale of corruption in terms of global competition is enormous, and that it represents a major obstacle to investment, entrepreneurship, and innovation. Certain economic experts who base their analysis on official data (usually Government, National Bank of Serbia and the Republic Institute for Statistics) did not take into account the fact that on many lists of factors of competitiveness (particularly in the list WEF), indicating a drastic decline in the position of Serbia in recent years, including social impacts of the crisis on the country's rank. Serbia is, with the aim of increasing the competitiveness of their economies, long-term oriented towards irrational use of foreign loans. In time, the amount repaid driven growth rate of GDP in Serbia, which had a negative effect on growth, development, and competitiveness of the economy and the operations of a significant number of domestic companies. To this should be added the fact that macro-competitiveness of a country does not only occur as a result of the current situation, but also includes the country's ability to maintain high GDP growth, employment growth and living standards, but on the basis of its own, not borrowed resources. Given that the economy of the country is faced with an extremely low rate of investments, high foreign debt, a modest increase in exports and a drastic increase (up to 2008.), but still with high level of trade deficit, there is a need for more precise analysis of the factors which contributed to declining competitiveness of Serbian economy. Unlike these researchers, who fall in the competitiveness of Serbian economy explain first by appreciation (up to 2008.), followed by the depreciation of the exchange rate, and thus a decline in real wages and standard of living, and who point out that the exports in the first seven months of 2010 achieved strong growth of 19.6%, their opponents point to the many objections that are primarily related to, [4]: 1) Using a single indicator of competitiveness factors - i.e. unit labor costs, 2) the relation of growth of prices of raw materials, intermediate products and industrial products, on one hand, and the depreciation of the dinar on the other hand, as much of the unfavorable factors of price competitiveness and 3) the growth of inflation and further decrease



of the domestic currency (dinars), 4) The ratio of wage growth, changes in exchange rates and productivity, 5) lack of quality, standardization, design, and other factors of non-priced competitiveness; 6) The coverage of imports with exports (during the first 7 months of 2010.) with only 57.5% of imports of goods and al.

## RESUME

Based on concluding that the Serbian economic growth should be based on export-orientated economy with the support of a competitive exchange rate, export networks, reducing public expenditure, and employment in the public sector. Along with significant short-term risks, inflation, and risk reduction in FDI flows are present. There has been considerable growth in the export sector. Assuming, that realization of some other macroeconomic risks will not occur it is possible to exceed the projections for 2011. On the other hand, the internal factors (political and social circumstances) could negatively affect the fiscal policy, which would automatically be reflected in inflation and the emergence of budget constraints (fiscal deficit). Based on the above, it is concluded that the International Monetary Fund supports the export-oriented recovery of domestic economy with the imperative to monitor all the macroeconomic risks that could destroy it.

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## COPYRIGHT PROTECTION AT THE GLOBAL LEVEL

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### **Abstract:**

*With the development of new technologies, the rights of the authors are becoming more vulnerable, therefore it is necessary to protect them and pay more attention both nationally and internationally. At the international level it is achieved by making the international conventions, treaties and directives, which states are obliged to implement into national law. In addition, collective organizations are created at the international level, interacting with each other and thus effectively and efficiently protect the rights of authors. With the advent of the Internet, copyright become available to unlimited number of users and the author of the works was not able to protect its rights. Piracy threatens to undermine the basic legitimate interests of publishers and the economic and moral rights. Therefore, copyright protection only at the global level is a guarantee that the rights of authors will be protected largely since it cannot be fully realized within the legal orders of individual states.*

### **Keywords:**

*globalization, authorship, collective management, copyright protection*

## **INTRODUCTION**

For a long time globalization was discussed only from an economic viewpoint, emphasizing its effects on development of the free trade. Thanks to accelerated economic development and new technologies, globalization today has a much broader meaning and includes a variety of social relations, so that we can talk about it in the scope of culture, management, etc. In a word, globalization encompasses a variety of social relations at the global level, summarizing awareness in a world as whole, thus weakening the nation-state or national boundaries. Globalization in the global trends comes up in the scope of the law. The issue of the protection of intellectual property rights was among the first things that crossed the limits of national borders, which developed rapidly because multi-national cooperation must protect its products from pirated copying. Initially these rights were only protected within the legal system of each country. However, these frameworks have become too narrow because the development of science and technology copyrights crossed national boundaries, which led to the need to



regulate their protection on a global scale. Therefore, as part of private international law, copyright law has emphasized international legal landmark. Copyright the global level is protected with the adoption of international conventions, treaties, and directives.

## **AUTHOR'S WORK AND COPYRIGHTS**

Author's work is an original intellectual creation expressed in some form regardless of the final application, contents, and forms of expression. It is eligible for legal protection under copyright law, only when in the outside world is combined an original idea and the form in which the idea is realized. Subject matter of copyright is traditionally considered scientific literature and other written works. Copyright law as a complex in fact contains two types of rights: economic (material) and moral (intangible) rights. "Personal i.e. moral component is complex by itself. It involves five elements: the right to publish work, recognizing the right of authorship, the right to inviolability of the right of exclusive use of the right of withdrawal."<sup>312</sup> Moral rights include the author's right to prohibit any distortion, mutilation, or modification of his work that might affect its honor or reputation. Economic rights are rights of reproduction, broadcasting, public performance, adaptation (processing), translation, public recitation, public display, distribution, etc. Therefore, the authors are entitled to compensation for the use of material in its form and the right to compensation for use of works in its intangible form.

"The intellectual rights are those whose subject is the creation of the human mind. These include copyright and industrial property rights (an inventor's right: patent, technical development, know-how, and the right of the distinctive signs: patterns and models, trademarks and geographical indications of origin)."<sup>313</sup> Intellectual property rights of copyright include related rights. The rights that do not apply to authors, but to other persons whose rights directly derive from the rights of authors, including performing rights, rights of phonogram producers, and broadcasting organizations. At the international level, related rights are regulated based on International Convention for the Protection of Performers, Producers of Phonograms, and Broadcasting Organizations, known as the "Rome Convention". This Convention was adopted 1961, and is administered jointly by UNESCO, International Labor Organization, and the World Intellectual Property Organization.

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<sup>312</sup> *Dr Oliver Antić i Dr Dragoljub Stojanović, Uvod u građansko pravo, Beograd, 2004. godina str. 216.*

<sup>2</sup> *Babić I., Građansko pravo, Banja Luka, 2008, str. 110.*



## COPYRIGHT PROTECTION

For protecting the products of the human mind and spirit - the author's, copyright is responsible. With galloping technological development for copyright, more attention should be a pay both nationally and internationally. According to relevant international, multilateral agreements and regulations of the European Union, the basic principle is to protect every manifestation of creative activity, regardless of its artistic, scientific, or other value. Copyrights and other rights must be protected i.e. the author of a work of science, literature, art or other areas of creativity must enjoy the protection of a disputed authorship or will attributed it to any other person. This means that the copyright owner can control certain ways of using its work, copy, adapt, and transfer content. Copyright protects not only the interests of the author, creator, but also the interests of its successors, even society. Copyright enjoy civil law, and in some cases criminal protection too. In the event of a breach of copyright, the author still has the ability to seek civil redress and claim damages, a ban on publication of the work, the withdrawal and destruction, etc. In the case of plagiarism as forms of infringement of copyright legal system provides protection prescribing it as a crime that is prosecuted in line of duty. According to Article 204 of the Law on Copyright and Related Rights of Serbia "infringement of copyright or related rights is the unauthorized performance of any action that is covered by exclusive rights of the copyright or related rights, non-payment of fees prescribed by this law or contract, and failure of other obligations to the holder of copyright or related rights under this law."<sup>314</sup>

At the international level, the Berne Convention protects economic and moral rights for the Protection of Literary and Artistic Works. This Convention was adopted in 1886, to include new technologies and the level of protection they deserve, has been revised several times. The World Intellectual Property Organization (WIPO) administers convention, which is a specialized international agency of the United Nations. In accordance with the provisions of the Berne Convention on copyright protection, launching the mechanism of copyright protection is not subject to special formalities, while in some countries, such as the United States, copyright protection is conditioned by specific formalities such as registration of the work at Office for copyright, deposit copies of the book in the Library of Congress, etc.

Copyright protection is limited in time and lasts as long as copyright, i.e. lasts for the life of the author and 70 years after his death, no matter when the author's work is lawfully published. Earlier this deadline was 50 years and now stands at 70, so 20 years longer. This change is significant because catalogs of older music in "the internet era" have become available to an unlimited number of users via an online store. The termination of copyright and its protection ceases copyright becomes public domain and may be freely used under obligation to provide

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<sup>314</sup> *Zakon o autorskim i srodnim pravima Srbije, Službeni glasnik Srbije br. 104/2009, član 204*



recognition to author, respect the author's work and honor and reputation of the author. The author is also entitled to special damages in the case of reprographic reproduction of its work.

## **COPYRIGHT PROTECTION ON THE INTERNET**

With the advent of the Internet as a global network, access to information has increased exponentially, such as increased opportunities for piracy, the illegal exploitation, or semi-legal trade of the originals. By enabling easier and faster access to works of art, Internet also enables their illegal use. Therefore, the protection of the rights on the Internet is extremely delicate because Internet users who function in the society of comprehensive information are numerous every day. Failure to provide copyright protection on the Internet in practice means a violation of the respective rights in all countries around the world. How significant is this problem in the modern world says the fact that the United Nations from 06/03/2002, apply a global agreement on copyright protection on the Internet, which protects the rights of authors on the international level in relation to the Internet. This agreement protects composers, writers, visual artists and other creators, providing protection for books, music, art works, computer programs, and movies. European Union adopted a directive from the Pan-European rules on copying and copyright of the materials published on the Internet that should protect their owners and at the same time allow some private copying of audio and video material. Its aim is to combat piracy on the Internet and enable copyright holder to restrict the illegal download of digital audio and video files over the Internet using encryption. In order to achieve a balance between the rights of authors and users of copyrighted material, it is permitted to copy these materials for personal use.

## **COLLECTIVE COPYRIGHT MANAGEMENT**

Due to the inability by the individual to protect adequately its copyright, a need for collective management and copyright protection appears. The idea of collective management of copyright arose in France, where first collective organization was created. Copyright works, thanks to digital technologies in the XXI century, "strongly multiply" and the possibility of their performance on the broadcast media does not depend on national legislation and by the domicile of the territory, which require the existence of a collective organization to protect the rights of authors. Thus, the Law on Copyright and Related Rights of Serbia says "Copyright and related rights are realized through the collective organization for the collective realization of these rights".<sup>315</sup> To defend their rights, authors have to build strong organizations that need to

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<sup>315</sup> *Zakon o autorskim i srodnim pravima Srbije, Službeni glasnik Srbije br. 104/2009, član 152*



collaborate across national boundaries. If they act collectively and across national borders, will be strong and will have an impact.

In recent years digital technology brought “drama” in the field of application of copyright law. They are open to unauthorized use of copyright works in the mass scale and represent a major challenge for the collective management of rights. It is therefore necessary that authors consider their works from an international perspective and learn from each other. To achieve this they must be organized into associations that can communicate. The authors in the world should unite on a global level to improve the fight against piracy - unauthorized use of copyright works (reducing piracy to internationally acceptable level). They should defend their interests through the creation of and involvement in an international network, which must be organized on a global scale.

## **COPYRIGHT PROTECTION IN THE FIELD OF LITERATURE**

Intensive development of new media required regulation of the copyright in the field of electronic publishing. To uphold the spirit of originality of authorship as opposed interests of multinational companies that mass-fabricating literature, it is necessary to emphasize the central role of authors, literary works to protect and ensure the value of the creative efforts of the authors. Under the literary work, we mean all published and unpublished literary names of belletristic names: novels, poems, short stories, textbooks, dictionaries, bibliographies, various types of scientific works, lectures, speeches, notes, reviews, computer programs (software), etc. Forms of copyright works can be published as a book or work reproduced on the copies. This system includes electronic materials that are not books. New technologies are causing problems in the transfer of copyright, its usage and transfer of the public and the issue of legal protection. Thanks to them, piracy is threatening to undermine the basic legitimate interests of publishers and the economic and moral rights. Copyrights are mainly regulated by the agreement by which the author licenses the publisher the right to reproduce copyright works and issuing those copies on the market. Therefore, even publishers are independent; they depend on the author largely.

By international standards, national legislations must establish a balance between the interests of authors and their legal heirs, publishers, producers, and other users. At the global level, the tendency is towards increasing use of so-called “protected repertoires” of collective organizations, reduction of publishing new “legal licenses”, and restricted use of “enhanced licenses” in case of the unknown owners of the rights. World tend to “a unique model of contracting”.



The right of authors is to be paid for free public use of their works in libraries is called the right of public rental. On this issue, the European Community in 1992 adopted a directive on the right of borrowing and issuance, which determined a framework of copyright and the right of rental of the member states were recognized to authors, so the authors and other rights owners got the exclusive right to license or prohibit the rental of their works in libraries. All member states have adopted this directive as part of its own legislation on copyright. One of the fundamental rights of copyright in the Berne Convention for the Protection of Literary and Artistic works is the right of reproduction. The right to reproduce is the right of the author to allow reproduction (copying) of its work and thus collects a fee for their creative activities. Article 9 of Paris Act from 1971 was supplemented in 1979 saying, "The authors of literary and artistic works that enjoy protection under this Convention shall have the exclusive right to authorize reproduction of their works in any form or shape."<sup>316</sup> This law threatens and destroys every illegal copy that is more and more widespread.

"By critical focus on the development of industry books, we should be aware that it is part of a global scheme based on injustice."<sup>317</sup>

## **PROTECTION OF INTELLECTUAL RIGHTS IN THE EUROPEAN UNION**

Protection and enforcement of intellectual property rights are crucial for the EU's ability to compete in the global economy. Given that European competitiveness is based on innovation and improved product value, which occur due to the high level of creativity, protection of intellectual property rights in this regard within the European Union implies the ability to compete in the global economy. Surely, pirated and counterfeit products threaten EU growth and jobs, and often these products can lead to risks to safety and health of EU citizens. Therefore, intellectual property rights such as patents, trademarks, designs, copyright or geographical indications are becoming increasingly important for European inventors, artists and businessmen.

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<sup>316</sup> Čl. 9. Pariski akt iz 1971. godine, dopunjen 1979. godine

<sup>6</sup>Rudić – Dimić Lj., *Modeli zaštite autorskih prava na polju književnosti*, Novi Sad, 2003. str 1



European Union is working on improving protection of intellectual property rights within the World Trade Organization, and it is a key supporter of the Agreement on Trade Related Aspects of Intellectual Property Rights (TRIPS). The EU is also working on the negotiation of provisions on the protection of intellectual property rights in bilateral trade agreements and works closely on a technical level with its trading partners on issues of intellectual property protection. When it comes to “third countries”, EU takes a “political dialogue” on these issues, and is included in the development of the Commercial Agreement against forgery.

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## NEW TRENDS IN HUMAN RESOURCES MANAGEMENT

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### **Abstract:**

*In a world where there are human resource managers, and with which they are closely related is constantly changing, creating new trends and issues that require consideration. Before managers is usually a large selection of ways among which they can consider new ideas and new circumstances, but those ways are often problematic.*

### **Keywords:**

*competition, management, innovations, business, union, ethics, investment*

## RESPONSE TO THE GROWING COMPETITION

The most important novelty with which, in the modern environment, human resource managers meet is concerned with appropriate relationships with the growing competition in the market. The first reaction of most is simply to maintain the constant price falling. This entails a small number of people, so the whole human resources organizations facing the need to eliminate certain positions and to develop new ways of intensifying the work itself. In addition, it may include maintenance of the wages level at market value or below that level. Regarding the latter, finding and retaining the workforce becomes more difficult, and even harder to maintain the motivation and commitment. However, – in the longer term, depending on the nature of competition with which the organization is facing - this may be the best way to preserve the remaining jobs. If the reduction process does not go too far and to the detriment of the organization, such an approach is acceptable. Reduction of prices and costs, however, is not the only possible approach. Alternative can be competitive on other grounds, but the cost for customers may be higher than the price of some competitors, but to offer a greater value and quality products. The result is the production of goods and services of „higher values“ that attracts with its high quality and therefore a novelty in some shape or form. In such situations,



there is still a need for efficient work, but the constant pressure to reduce costs when it comes to employees is smaller. There is also a need to find and, later, to motivate highly qualified employees. Whatever way it is chosen, there is a clear need for development, greater flexibility, and skills than before. Whether to accept the strategy of „lower prices“ or „higher value“, there must be fundamental changes in the expectations of employees when it comes to the roles they perform and what their organization can offer in return. Widespread development is therefore based on the change of what is called „psychological contract“ between employers and people they employ. While a formal contract of employment encompasses conditions of employment, agreements on compensation, and ground rules in an employer - employee relation, psychological contract is more for generalized expectations, i.e. what one party receives from the other. The changes in this area are without doubt some of the most important changes in employment in recent years as organizations are faced with increased competitive pressure. The most important of these changes is the expectation of long-term cessation of employment or employment for life. The old psychological contracts may be, from the perspective of the employee, presented as follows:

*„I will work and faithfully relate to my employer. In return, I expect to keep me as a worker, provided that I do not work against the interests of the organization. I also expect that the opportunity to advance, if circumstances permit, to be given to me.“<sup>318</sup>*

In contrast, the new psychological contract has the following form:

*I will try in my work and be creative. In return, I expect a salary that matches my contribution, as well as market value. While our relationship may be short term, I will stay in the organization as long as I am able to indicate the improvements that I need to advance my career.“<sup>319</sup>*

## **INTERNATIONAL AFFAIRS MANAGEMENT**

As noted above, a major cause of increased competition in recent years is the growth of global economy. Most organizations today have to compete, to some extent, with competitors from other countries. If a company is not a major exporter, it mainly faces competition from foreign organizations that export goods and services to the domestic market. A particular challenge is placed on organizations located in formerly industrialized countries by competitors with lower basic prices in recently industrialized areas. An important consequence of globalization is the

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<sup>318</sup> Toington D., Laura H. and Stephen T. „Human Resource Management“, Datastatus, Beograd, 2004

<sup>319</sup> Ibid



increase in the number and size of multinational organizations. As a result, an increasing percentage of HR professionals working in organizations that owned and controlled by someone from abroad, or in the local organizations with a foreign power is obvious. First, because of the large institutional differences between countries around the world, one cannot always work the same way, because there are different tax rates, as well as various training and qualification systems. Above all, the power of the different systems of law on the employment of which the organization requires to operate is different in different locations. In some countries, for example, collective agreements are legally binding, while in others (including Britain) are „binding“ only by conscience. There are also vast differences in the law on dismissal and discrimination. In the United States doctrine of „employment at will“ refers to the fact that, by statute, there is a weak protection of people who consider themselves unfairly dismissed. In the UK, there is some sort of protection for some, but not all, while in the Netherlands, employers can fire someone formally only with the permission of state officials. In addition to institutional constraints, there is a need to consider cultural differences. As demonstrated by some authors in this field, the way different people approach work and relationships in the workplace may differ significantly from state to state. Therefore, approaches that seem quite natural in one place often go bad when applied outside of that place. A good example is the standard Anglo-Saxon approach to assess the results of the annual reports in which managers and their subordinates openly talk about what that individual achieved and how to improve the work. In terms of impact on the work of individuals, the method of work assessment goes well in most organizations in the UK - but not in other countries. In many States, this method simply is at odds with the prevailing cultural norms, managers, and employees who do not wish to speak to each other about such things. Therefore, it is necessary to establish a balance of global and local HR managers. Often on the area of human resources can be applied international strategy and with minor changes to develop a global philosophy of human resources. In contrast, the implementation at the local level must be quite different with respect to what corresponds to a given country.

## **NEW WAVE OF TECHNOLOGICAL INNOVATIONS**

Progress in the field of information technology, telecommunications, biotechnology, and laser applications, often applied together – with organizations continue to open various possibilities, but at the same time, leads to problems. From the perspective of human resources, it is possible to define three different types of challenges that arise from the said progress. First, there are direct consequences of the manner in which organizational unit for human resources perform their work: the use of electronic mail and the Internet (computer connections within an organization) for communication and information field, the rise of the Internet as an important new way to recruit, develop online access to training and learning, the use of computer databases to store information about employees, and reports writing, application of computer technology on the usual tasks, such as human resources planning and administration in connection with payroll.



Secondly, the technology leads to general changes in the organization, changes in structure plan, business obligations, assigned tasks, and even the culture of the organization. Technological changes, thus lead to changes in the organization, demanding a reaction from the organizational unit for human resources. Recruitment and selection process must reflect the need for bringing people of different skills and qualities; manner and purpose of the training will often go in new directions, while at the same time dismissal may be inevitable. In some situations, technology can lead to radical changes in the short term, changing established ways of implementing the basic role of the organization. A good example is the revolution in publishing newspaper in the mid-eighties. Whatever the speed of development is of carrying out technology development, human resource professionals need to plan it and then implement it.

The third way in which technology development affects the operation of human resources management is the need to find new ways of managing employees who are engaged in research and development and whose job is to take advantages of technological development for the progress of the organization. They say that the nature of this work is basically different from the nature of work performed by others in the organization and that the common practice of managers is often inadequate. Following quote illustrates a given theory:

Principles of high expertise, unity of control and guidance, a clear division of labor and equality of responsibility and impact - related to problems of structuring business systems and information flow in a clear and always the same way. They seek the removal of common problems and facilitating productivity and control through a formal hierarchy of influence or through standardization activities and organizations that generate and manage to succeed in doing one and the same tasks day after day, as well as in production, are not particularly able to successfully do something again, as in jobs in research and development area.<sup>320</sup>

Topic of research conducted within the governing body of the R&D department reduces the need to move away from approaches that serve to increase the control of employers and tend to come at the cost of development of teams. Instead, there is a need for structures that support collaboration among individuals, and the sharing of ideas and knowledge.

## **BUSINESS IN ACCORDANCE WITH THE LAW**

In recent years, profession that is related to human resources has to deal with the increasing number of laws related to employment. Prior to the 1970, with one or two exceptions, in the UK, there were no legal regulations on labor relations. Individual conditions of employment were given in employment contracts and collective agreements. The law not much interfered

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<sup>320</sup> Katz R., (ed) „The Human side of managing technological innovation: A collection of readings“. Oxford: Oxford University Press 1998.



with, except for the provision of basic health and safety, the rights to modest fees and a general dismissal request sent to employers and employees to comply with the requirements set forth in the employment contract. Since 1970, the situation has completely changed. Individual employment contract remains in force and can be made in court if necessary, but a number of legal obligations that employers must meet is appended to it. The most important rights were introduced in the field of health and safety at work, equal pay, gender, and racial discrimination and groundless dismissal.<sup>321</sup> The extent to which human resources professionals and managers in general, need to recognize the increase in the number of regulations - remains, however, debatable. One approach, characteristic especially for those who work in smaller firms, is a radical challenge of the legislation. Accepting the motives behind it, the employees realize long-term effects of increasing employment costs, while reducing the flexibility that means a lot to managers in business management. This leads, first of all, the reluctance to create new jobs, as well as to aspirations of international organizations related to their jobs from other countries in which the control is smaller. For people who promote this way of thinking, rules provide greater social justice, but at the cost of higher unemployment ratio. Another approach starts from the presumption that the pressure regulation on employers in the UK is much smaller than in most industrialized countries and that it is not widespread enough to have adverse consequences. Indeed, it is possible to determine that the laws on employment in the UK do not prescribe anything more than requirement that employers treat their employees fairly and correctly; so the good employers therefore have no reason to complain. Under the third approach, the labor law in the UK actually does not reach far, and would further, rather stronger legislation, be desirable. This claim rests on the belief that the United Kingdom globally can no longer compete with products and services at „small price - less added value“ because of competition from countries that are in the process of industrialization of countries from the former Eastern bloc. Instead, there is a need to develop workforce skills and that high activity is focused on producing quality goods and providing quality services, new technologies and the development of knowledge economy. Requiring form employers to provide relatively high wages and prevent the firing of workers without good reason, the legislation emphasizes the direction towards the desired goal. The result is, at least it is claimed, the situation with a high degree of legal protection of jobs, in full accordance with the operation of a successful economy.<sup>322</sup>

## **DEALING WITH OR WITHOUT LABOR UNION**

In many organizations, management can find a good reason for not recognizing the union. Especially in small firms there is reasonable desire to manage informal relationships among

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<sup>321</sup> Torington D., Laura H. and Stephen T., „*Human Resource Management*“, Datastatus, Beograd, 2004

<sup>322</sup> Ibid



employees, rather individually than collectively. In other cases, the reason is based on fears that the unions will limit the freedom of managers' actions to resist the necessary changes, while also preventing them, or there will be a confrontation between employers and employees. There are, however, reasons why managers welcome, even encourage, the existence of unions:

Unions take many important functions related to management, which explains the fact that by a large number of foreign companies coming to the UK is readily accepted. One such function is the function of the agency, especially important when a lot of employees perform relatively similar duties: management avoids time consuming and expensive individual relationships with employees, and such as changes - they may be a huge problem. The second function of unions is an expression of dissatisfaction and complaints of employees. Third, and by many the most important, function performed by unions is to assist in reducing dissatisfaction with the legalization procedures and priorities of management. From the standpoint of management, it is important to establish healthy and productive relationship with one or more unions to improve the success of the organization. Thanks to such thinking, in recent years there is increased interest in various forms of partnership agreements - which supports and encourages the government. A key factor distinguishing between partnership and traditional forms of relations with the unions is taking the position that works for both sides for the same ultimate goal. The role of trade unions isn't always opposed, but the support and contribution to the constructive and legitimate management initiatives. In turn, managers perceive union representatives as partners in decision-making, and staff as key factors for the future of the organization. Counseling is done before the publication of new programs, while other areas make decisions jointly. The partnership agreement does not limit the freedom of unions to criticize management, or to seek better conditions for employees, but imply that the representatives respect the right of managers to manage and accept that the ultimate goal of operating is a commercial success.<sup>323</sup>

## **ETHICAL ISSUES**

Human resource management has always had an ethical dimension. Strangely, the managers are so long tried to ignore this aspect, while theorists have expressed dissatisfaction because HR managers fail to create conditions for the aforementioned aspects. Thirty years ago it was possible to write a chapter in a book about personal entitled „The social role of personal“ and get reviews that are strongly oppose to the implicit premise that there is actually a social role for personnel managers in the business. Since then, there is increased interest in ethics, but it is not futile attempt of „fine“ people from the personal to act as the conscience of the company, but much more general interest in management.

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<sup>323</sup> Sission K. and Storey J. „The Realities of Human Resource Management: Managing the Employment Relationship“, Buckingham: Open University Press, 2000



In everyday practice, and when determining major policy issues and strategies, human resource managers are faced with ethical dilemmas. Such situations are typical for cases where there is any conflict between what is completely in the interest of the organization and what the individuals on the basis of their ethical principles consider „correct“. Interestingly, the lack of ethics often occurs because of the failure to work, but also because of solid and safe decision to move a certain way of business. Here are some examples:

The attitude of the organization on human resources issues can often be criticized on ethical grounds. Some of the recent changes can be viewed as changes that lead to a reduction in interest of one part of employers to do business ethically. Therefore, the pressure on people to work longer than usual, reducing the level of job security due to the increased pressure of competition and investment in new technology, which directly leads to job losses, could arise. Some forms of cultural changes can also be viewed as unethical, such as cultural change based on success in dealing with customers in a culture that is oriented only to the sale. Therefore, people from the sector of human resources should vigorously advocate a combination of efficiency and fairness, bearing in mind that they cannot vigorously pursue if they are present when decisions are made. They must reach that they fellow coworkers respect them based on the total contributions, and to be prepared to accept the fact they will often get lost in the debate. In practice, it is necessary to build a solid business foundation for turning to the ethics whenever possible. The grounds will usually be based on long-established ideas of the above directions in the field of human relations; it will rest on the belief that business can maintain its competitive spirit only when employees are dedicated to its success and with voluntary commitment. In order to maintain good will and enthusiasm, the cooperation of employees, while attracting qualified candidates from outside the organization - a fair business, openness, and consistency to the people is necessary.<sup>324</sup>

## **BEST PRACTICES VERSUS BEST FIT**

Supporters of the „best practices“ view claim that there are certain practices of human resources and approaches to their application that continuously help the organization to gain an advantage over competitors. Therefore, there is a clear link between the activities of human resources and business efficiency, but the results will be maximal only if appropriate programs related to human resources are implemented. Recently, the use of different methodologies, many examples was published and they seem to support the concept of best practices. Although the apparent differences in the understanding of specific details, all the authors clearly state that the same basic package of human resource practices, and general orientation of human resource

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<sup>324</sup> Marković L., „Selekcija i izbor menadžera“, Magistarski rad, Megatrend, Beograd, 2009.



management, aims to improve business efficiency in all organizations, regardless of the market strategy adopted. According to David Guestru, this occurs in several ways.

*Human resource practices implement their positive impact through: (1) ensuring and improving the competence of employees, (2) impacts on their motivation and commitment, (3) planning the work so that employees are encouraged to give their maximum at work. Borrowing elements of the theory of expectations, this model suggests that there should be three elements in order to reach the best results. Positive attitude of the employee should affect the level of the organization's performance, such as low levels of absenteeism, turnover rates of failure and vacancies, and the high quality and productivity.<sup>325</sup>*

The main elements of „a best practices package“ by these and other authors mentioned, are those who have long been taken as examples of good practice in the field of human resources management. It include the use of advanced methods of selection, a serious commitment to employee involvement, a significant investment in training and development, the use of individual reward system and harmonization of working conditions among different groups of employees.

The second view, the view of „best fit“ also mentions a connection between human resource management practice and the advantages over competitors. Here, however, there is no belief in the existence of comprehensive solutions. Instead, everything depends on the specific circumstances of each organization. Policies and practices of human resources that „fit“ are required that are therefore eligible for certain employers. What is acceptable (or best) for one may not be acceptable to another. Basic variables include the size of business organizations, the dominant strategy that is implemented in the product market and the nature of the labor market in which the organization competes.

Therefore, it is claimed that a small organization, which reaches an edge over competitors, primarily with the introduction of innovations and that is competing in a very tight labor market, should have ready significantly different policies in the field of human resource policies of big companies that produce cheap goods and do not face problems in finding workers. In order to maximize competitive advantage, first one need informality with sophisticated human resource practices, while others need a system that is more bureaucratic and combined with human resource practices such as „cheap - without unnecessary details“.

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<sup>325</sup> Guest D.E., Michi J., Sheehan, M. and Conway, N. „*Employment relations, HRM and Business Performance*“. An Analysis of the 1998 Workplacer Employee relations survey, London CIPD 2000



## RESUME

Large and rapid changes in today's world are reflected in all aspects of human life and work. Thanks to them, we have witnessed great changes in the areas of business and management. In the current managerial and business philosophy, words such as capital and value are increasingly tied to the people, their knowledge, skills, and their abilities. Personnel and their resources are becoming a major factor of competitiveness and organizational performance. The struggle for experienced managers, quality professionals, and young talents become the sharpest and most ruthless form of competition, so strong and obvious, that even now can be regarded as one of the key determinants of the 21<sup>st</sup> century.

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## OPEN END FUNDS IN SERBIA – AN OPPORTUNITY FOR INDIVIDUAL INVESTORS

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### **Summary:**

*Serbian citizens did not have an opportunity to participate in other developed market economies as investors with their resources in the intercourse at the secondary capital market. The initial cause of these circumstances represents the fact that The Open End Funds law was introduced late at the end of the year 2006. When legal and institutional conditions were implemented concerning the operational funds' aspects, open end funds immersed as the most applicable form when it comes to individual investors and entrepreneurs. Easy entering and exiting the fund, feasibility to invest minimal resources, professional investment of capital and diversification of the risk possibly occurring, as well, are just some of the advantages due the investment in open end funds. Additional income that is attained by the investors in open end funds, personal and family provisions are financed, and it can be used for scholarships, additional health care and other facilities that may improve livelihoods and enhance the level of life standard. The restrictive movements at the global finance markets have had a formidable negative effect on open end funds business. It is markedly diminution of the value of the investment units that is obviously noticeable, and withdrawal of investors is frequent, as well. In Serbia situation is even more difficult due to the negative effects of the global ill-developments and underdeveloped secondary market of capital. The non existence of securities aggravates already unviable position of the aforementioned institutional investors. In addition to all these facts, concerning delayed acquiring of the judicial frames for the business of funds, and concerning the mistrustfulness of the investors in Serbia, there is a long period of incertitude approaching open end funds in the course of which there will be possible to develop business only if concrete results are obtained.*

### **Key words:**

*open end funds, individual investors, professional investment, secondary market of capital*

## **INTRODUCTION**

Contemporary business provides numerous ways and instruments to invest free capital. Now there is a problem of peculiar kind, because the variety of choices possible to invest one's own capital inflicts the question of adequate and right mode of investment. What is the approach to



investment that suits best the needs of very investors, whether to invest independently or via other subject, what is the level of investing, what is the risk level one is able to accept, and there are other conditions. Besides the possibility of reposing a deposit in a bank and accepting interest after a longer period of agreement period, there is an offer made by institutions that have not sought, neither the high amounts of investment, nor they demanded some extensive periods of investing. In return, these subjects offered interests that were higher than average (especially higher than those offered by banks) and they offered professional investing with certain level of risk. We are talking about investment funds that experienced an explosive growth by the end of the 20th century, and started magnetizing large amounts of capital that can be measured in billions of dollars on the large scale. The success of investment funds is that they provide the possibility of taking care about invested capital by experts that lower the risk by diversifying investments and at the same time providing the option to withdraw the investment in any time. Alongside with certain level of risk there is an accompanied interest rate, dependant on the fund one chooses to invest. Republic of Serbia has been late and has not developed enough the possibilities for free growth and progress of funds due to the situation it was at the last decade of the 20<sup>th</sup> century. Experiencing the trial and tribulations of transition process and everyday economical and political problems we may notice that, in a certain sense, the funds in Serbia has suffered a lot. Consequently, it will appear clear that the subjects in Serbia were at loss. The Law of Investment Funds was finally adopted by the end of 2006 with its gamut of advantages and imperfections and it was *condition sine qua non* of fund pursuits in our region and made the ultimate departure of dealings aside the framework of state superintendence. The law written in respect to European and global standards may confront some of the peculiarities of our non developed finance market, but nevertheless it marked the beginning of a new era concerning market development in Serbia. Additionally, it presented an average investor with the opportunity to invest the capital in such a manner it has been processing in the most advanced world markets.

## **THE INCEPTION OF OPEN END FUNDS PURSUITS IN SERBIA**

Belated ratifying The Law of Open End Funds led to the situation that on the Belgrade stock exchange there is above the half participation of foreign investors on a daily basis that have taken over the possibility for our citizens to invest with professionals and to gain additional earnings. The whole process of privatization ran out mostly without the participation of domestic investment funds, because there were no legal conditions for their employment, and the subjects in Serbia have lost their chance to concur with their capital in buying and selling the companies that underwent the change of ownership structure. According to The Law of Open End Funds of the Republic of Serbia, investment funds are classified into three groups:



Open End Funds, Closed-End Funds and Private Investment Funds.<sup>326</sup> This is one of the basic classifications that arises from the law framework and makes the acceptance of legal praxis thriving within market economies of European countries. Open End Funds, as the most present form of investment funds business in world, have received the central position in our Law and have been detailed concisely by this law and sub-legal regulations. They are defined as the institutional investors without legal subjectivity whose business is run by The Society for managing. These are some of the solutions that are being applied in the member states of the European Union. Closed-End Funds, according to this law do business as classical legal societies that are applied with enactment of The Law of Economical Associations. Private Investment Funds are also defined by this law as legal subjects with all of the appointments referring to their business and limitations at work Open end Fund concerning The Law of Investment Funds of Republic of Serbia from 2006, does not have legal subject property, but it is managed and organized by the society for managing of investment fund that has the property of legitimate legal subject. This makes one of the basic characteristics of Open End Funds that differentiate them from the other funds. Whilst Closed-End Funds and Private Investment Funds are legal subjects, Open End Funds are not, and their whole organization, establishing and managing is entrusted to the society for managing of investment funds. The mere appearance of investment funds will not make the citizens to start immediately investing into them. In contrary, the experiences of other countries, like Croatia, teach us that it takes significant time period and time consuming propaganda and education, about what these fund are and what they offer, so as to have these funds as steady activators of citizen's savings.

## **THE SURVEILLANCE OF OPEN END FUNDS PURSUITS AND INSURANCE OF FUND MEMBERS**

One of the biggest consequences of the years of crisis, economical and physical subjects has passed through, is the loss of credence for financial and especially banking sector. In that respect we ought to build investment funds so as to provide the maximum of insurance for the investors. Without activities and endeavors to provide the best possible insurance for the investors, one cannot expect the sustainable development of Open End Funds. This protection and insurance of investors and other participants in the market must be guaranteed by law framework that should stand by side of investors and members of investment funds and should systematically supervise the business on the financial market. It is the only way to regain the trust of investors and to activate their saving plans, that is not, by no means, tenuous.

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<sup>326</sup> The article 1. Law of Investment Funds of RS from 2006 (In original: Član 1. Zakona o investicionim fondovima RS iz 2006. godine)



The intendance of the society for the management of fund must pursuit the business politics of fund accordingly to business objectives that has already been revealed in the prospect of investment fund and which has been clearly presented to investor, what makes one of the mechanisms of their protection. By accepting the rules of investment that are defined within the prospect, the investor consented on certain business politics of fund that is processed by professional portfolio managers. Hereby, their influence on fund business ceases. Exactly this makes the reason why it is of the paramount importance to insure the investment is being done in accordance to the optimal procedure and interests of the investors. Furthermore, it is essential to determine the aims and how are they effectuated. The Commission for Bills of Exchange represents the monitoring body with the basic goal to insure the investors and to create a business ambience based upon the principles of competitive business. This Commission realizes these objectives by its authorities over registration of public bidding and surveillance over the behavior of the authorized participators in the financial market. The influence a state can exert must provide economical liberalism, competition and the protection of investors. That is why a state must not allow the enrolment of the Commission to be reduced onto feeble observer, rather it must exercise the enrolment of the institution that makes the rules and processes them in the spirits of defined objectives and regulations.

### **OPEN END FUNDS VS. OTHER FORMS OF INVESTMENT: POSITIVE AND NEGATIVE EFFECTS OF INVESTING INTO FUNDS**

There is the actual question of relationship between Open End Funds and Other forms of investment of one' own capital, such as investment on the stock-exchange or the plainest –bank savings. Each and every of these investment modes has its pros and cons, and it is on the investor themselves what to choose as the most acceptable solution regarding performances and way of realization.

Profitability is higher when investing in funds and when buying shares, whilst it is somewhat lower when saving in banks. The average increment of investment funds on a longer period is between 8% and 15% annually, on a global-world level, and average increment on a deposit in a bank fluctuates somewhere between 2% and 3% annually. The solvency is one more of traits that makes funds more attractive than an ordinary bank savings. This reflects within the fact that the investment units can be promptly bought up and bought out on a demand of the investors involved or on a demand of fund members. Investing into these funds does not require investor's attention or thorough scrutiny of a market. That is the job for the experts and managers that wield funds. Another important aspect of investment that prefers funds is the fact that for the assets invested one gets a professionally managing of investments. Investments are managed by experienced managers that strive to achieve the best results on the market for the integral assets invested into the fund, no matter how much an investor has invested. For a



difference of savings in banks, we cannot know what increment we are about to achieve anent there is no fixed emolument. It all depends on market fluctuations and realized interests, dividends and capital gains.

Negative effects in fund business may occur in relations between portfolio managers and investors. One of the moments that may lead to the negative effects in affairs of investment funds is the possibility of solvency problems, so these fund almost completely do trade bills of exchange that are very vigorously trafficked on the market. Recently, when huge financial quakes are noticed on the global market it is quite conspicuous trend of negative business of funds in the circumstance of stock-exchange crush. It is due to the length of a slump of stock-exchange indices and due to the decrease of the shares value that can be measure the level of consequences for investment funds. Markets that are developing and that has not developed pursuits of investment funds, yet, the negative effects for the investors can be even more detrimental, what's more, they can stipulate the mere survival of investment fund business.

Legal rules must ensure exception of situations where the conflict of interest between managers and investors may occur. Fund is only an institution a mode of summoning money, but managers team that do business must be strictly controlled. For the possibilities of manipulation are large, the law regulation must be rigorous.<sup>327</sup>

## **THE INFLUENCE OF OPEN END FUND BUSINESS ON MACRO-ECONOMICAL STABILITY OF SERBIAN MARKET**

Macro-economical stability of any country is the basic precondition for attracting investment capital. However, collecting and investing of the capital influence positively onto strengthening of macro-economical stability. Her we may infer that these two processes are mutually interwoven.

In order to effect economical and macro-economical movements it is necessary to create institutional conditions for development of the investment funds. When speaking about these conditions we think of further development of secondary financial market, finishing the process of privatization and consecutively application of adopted laws. Investment funds, if these conditions are substantiated, may influence macro-economical stability and economical development because they lead to the rise of savings and its directing into projects of some

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<sup>327</sup> Pejić, D., *Investicioni fondovi*, Poslovna politika, Beograd, number 1/02, pg. 34



substantial importance for the development of market economies. The characteristics of markets in transition, and Serbian is one of them, are marked by insufficient development, instable law regulations, neglect of the need for the independency of supervisory institutions and low level of corporative education and behavior all of the participants on the market. The fact is that in Serbia, macro-economical conditions are instable and that is not real to expect physical subjects who realize the minimum of yield, enough only for mere existence, would be oriented to additional investment.

With its business and development, the funds would contribute further development of secondary market in Serbia, and later on it would affect the whole economy and strengthen the standard of living.

### **THE INFLUENCE OF INVESTMENT INTO OPEN END FUNDS FOR THE SOCIAL STATUS OF AN INDIVIDUAL INVESTOR**

Investment funds realize their contribution of strengthening social functions of a state throughout their function of repartition of earnings in favor of the broadest range of social classes-small investors of capital. Since this group of the most numerous citizens does not have neither the knowledge nor the means to equally participates in market movements within secondary market of capital, by the investments they make through investment funds they become concurrent participants in the market. Legal regulations protect the interest of small investors what largely equals their position to the rest of the participants that invest capital.

Since Open End Funds stated their business in Serbia in the beginning of 2007 we may infer that at this stage it is still too early to speak about some concrete influences investment funds pursuits has had onto recuperation of social functions of our state or individuals. Considering the underdevelopment of the business these subjects do and legal conditions for conceiving the fund business in Serbia, we may not make any final conclusions. Open End Fund business creates incomes that are realized by the investors who activated their savings by investing into investment units of Open End Funds. The improvement of the stature of physical subjects and the rise of their ordinary incomes they can use for additional education, health protection or some other way comprise the most obvious way for advancing social status of any individual and whole society, as well. Their contribution, the funds in developed countries deliver through their widespread availability. In the first place, they contribute those investors with average revenue that have not got the chance for possible investment through longer periods of investment due to their knowledge and limited assets.

Funds are a form of long-term savings, without competitive adversary form, in the countries of developed financial markets that ensure additional incomes that can represent the source of assets for strengthening basic or additional retirement fund, assets for education of the



young, better health insurance or purchasing apartments. The functioning of the investment funds will enable the activation of passive and exiguous investor whose tenuous amount of capital becomes a part of a big, adequately allocated sum that achieves significant increments on a daily basis.

## CONCLUSION

Investment funds as institutional investors that conceived its development in Serbia by adopting the Law of Investment funds in 2006, has come across all of the challenges that may occur during its pursuits. In the beginning of this article, when it was not clear everything about the consequences of acquiring the aforementioned law, the survival of these subjects has been additionally affected by global contemporary financial market disturbances.

Combining these influences with distrust that still remains among the investors in Serbia who has already past the periods where weaknesses of financial system appeared, we have come up to the point of the difficult period considering the investment fund business in Serbia.

We may conclude that by the emergence and further development of investment fund business and other non-traditional finance conciliators, such as insurance companies and retirement funds, the dominant role of bank sector has decreased a lot. They are the alternative for the average investor to seize necessary additional incomes one may use for education, additional health care or some other needs. For more successful development of the environment for investment funds business we ought to advance system measures of public authorities in order to establish macro-economical and political stability in the country and to implement measures fro investors' insurance and the insurance of their investments, as well.

The disturbances in the world finance market and enormous slump of the Bills of exchange leave extraordinary negative consequences for Open End Funds and investment funds in general, as well. The investment units of funds that invest in secondary market experience constant decrease and withdrawal of investors. However, not only financial crisis has been the cause of weak business and decrease in level of investment units in Serbia. The largest problem is inadequacy of wholesome investment sector. It is debatable whether and how well, the funds did business before the financial crisis. It is required to take further steps forward in improving legal rules, increasing the level of knowledge and insisting on the most possible obedience to legal regulations

It is indisputable that funds in developed market economies were the starters of development process, accumulated big amounts of assets and represented one of the most important modes for the investment of capital by physical subjects that expected additional increment after they had invested into Open End Funds. Late adopting of laws in Serbia, difficult transition period



with lots of aggravating examples of privatization was not a solid foundation for the start point of funds. This short period investment funds have been active at was not enough so as to have the chance to determine all of the influences of law rules and the influences legal regulations had onto funds business. Physical subjects in Serbia even before the beginning of world economic crisis had not been introduced with the essence of investment funds affairs and investing into funds, so to say, the business of investment funds was an unknown term, by and large.

The revival of investment funds and regaining trust of investors will be an extensive process directed onto improvement of law regulations, increasing the level of knowledge and consistent obedience of regulations. This is the way to funds in Serbia provide all the advantages that the investors in developed countries has already enjoyed.

In the USA until the 80ies of the 20<sup>th</sup> century most of companies were telling its employees: come to work for us and when you are retired you will receive the pension in as high amount as it has been you salary in the last five years of your work. The company was responsible to put some money each and every year, so as to insure the promise it gave. Since then the situation has changed remarkably. Nowadays they tell employees: come to work for us and we will, for each working day, give you the assets you may invest into your own future pension...the most of the workers know well that they are not wise enough or even well informed in order to invest these assets and that is why they invest their money via investment funds.<sup>328</sup>

Besides all the obstacles and financial difficulties, investment funds represent institutions that Serbian physical and economical subjects do need. In the forthcoming period we ought to build the ambience that will stimulate the needs of mere subjects to undertake the financial precautions. In virtue of weakening of state retirement system and the increased number of pensioners, investment funds become accommodating for middle-ranged and long-term investments, money savings for the sake of education, additional health insurance and other needs of individuals and their families, as well. By proper choice of the investment strategy one may significantly improve the quality of subject's livelihood. Due to various reasons the investors in all of the world and Serbia, alike, has already experienced how the assets and property can multiply, but unfortunately, how it can be lost , as well.

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<sup>328</sup> Lučić, LJ., "Investicioni fondovi sa osvrtom na Zakon o investicionim fondovima Republike Srbije", Finansije – Ministarstvo finansija Republike Srbije, Beograd, br.1-6/08, pg.114



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# LEGAL STANDARDS AND SOCIALIZATION AS THE FACTORS OF SOCIAL AND ECONOMIC STABILITY

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## **Abstract:**

*The uniqueness of the "Social and economic stability and security of legal norms and socialization" topic is larger, which can equally serve to lawyers and economists, and sociologists and management theorists, and to some extent to theorists of social work. Thus, legal norms and socialization, i.e. their acceptance in society and the adaptation of individual and group behavior toward them, are the stabilizers of the safety and the factors of socio - economic trends in every organized community of people - state.*

## **Keywords:**

*legal norms, legal system, socialization, stability, economy*

## **INTRODUCTION**

All societies and the communities, especially the states, tend to a certain level of stability. Under the stability of a community we mean: (1) necessary size and characteristics of the territory<sup>329</sup> which is essential for the existence of the community; (2) a sufficient number and characteristics of the population (particularly age, gender, working abilities, and by education), (3) appropriate structure of the economy and (4) the established structure of internal and external relations, (5) long-term sustainable distribution of social power concentration, authority, social roles and responsibilities, (6) evolutionary trends and developmental changes as a result of the relative and the prevailing situation and satisfaction on the basis of sufficiently strong consensus about the important issues of survival and community development. It is

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<sup>329</sup> Avramov Smilja, Kreća Milenko, *Međunarodno javno pravo*, Savremena administracija, Beograd, 1999, str. 350-360; Pojam državne teritorije; Načini sticanja državne teritorije.



undisputed that essential factors of such stability are a) a very successful non-violent, socialization, and b) a functional state and legal system of norms.<sup>330</sup>

Simply put, the stability of a human community involves a relatively permanent and favorable structure of the population, relatively permanent, dissected structure of functioning institutions, relatively firmly established and widely accepted system of approximate value, routine habits, customs, beliefs and trust within the existing social structures, the appropriate level of standard of living, which is widely accepted, positive expectations for the foreseeable future and, as a guarantor and supporter of all that trust worthy political - legal system and progressively oriented ideology.

## **SECURITY – AN IMPORTANT FACTOR OF THE STABILITY**

As the factor of stability, security is one of the main motives of human activity and society in general, in the past and present days. It is a global problem of the modern era too.

The state is most responsible for the existence of security. Therefore, the security functions of the state are also a service function, because they provide security "services" of security to a society within the state. Developed economy is material base of material and technical facilities and vocational training bodies and the security services. Vital values of society are defined with right, the appraisal of threatening socially dangerous events, disrupt or destroy the system of values and legal basis, responsibilities and powers of the organs of security on its opposition and suppression are performing. Stable and high quality social policy prevent conflicts of social groups with different standards of living, while the ideology is the basis for building a code of conducting which does not accept any security inconsistencies or improvisations.

Therefore, the security functions of the state, if necessary, can be identified with forced state function to preserve the function of vital values of society (sovereignty, territorial integrity, and independence), the fight against crime and extreme deviations.

Security of each state is based on the elements of its national power. This primarily involves the size of territory, economic power, geo-strategic position, raw materials, dependence on foreign markets, technical and technological capacities, national character, and efficiency of the

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<sup>330</sup> dr Emin Memišević, *Pravne norme u društvenom ponašanju (devijacije – socijalna patologija – socijalizacija)*, Sarajevo 2010. godine, str. 124



government to operationalize adopted decisions, the educational level of population, production capacity, national morale, and internal reserves.

## THE LEGAL SYSTEM

The legal system, system of legal rules, determines the structure of organized community, including the terms and conditions of its functioning, as well as the ways and reasons to change this structure and individual standards. Therefore, the durability of government and legal system is an essential component of stability of any community, even national. Its qualitative and quantitative durability is an essential condition for meeting the needs for safety and security. No duration can be considered conservatism. Relevant provisions of conservatism are strong provisions of unchangeableness, regardless of the modified requirements imposed by evolutionary adaptation. Conservatism<sup>331</sup> does not recognize the necessity of removing dysfunctional factors and dysfunctions that are barriers to development. Thus, the conservatism is extreme and excessive case of opposition to everything, including developmental changes. Therefore, it is not correct to equate conservatism and traditionalism.<sup>332</sup>

We emphasize that not all spheres of the life of a community are equally mutable. The most vulnerable to changes in the practical sphere of the life are associated with consumption, which meet certain need of the civilization. Three areas are the most vulnerable to changes: first, the sphere of knowledge - science and education, second, as the materialization of science and profession those are technics and technology; and third, habits in the use of technical-technological creations. The slowest change is recorded with the established provisions of the orientation system of values, certain beliefs, habits, and customs. Therefore, it is possible that state and legal system, in the basic provisions and value systems, lasts for decades and centuries, with the evolutionary changes that do not solve its essence, and that, simultaneously, in these areas fundamental, revolutionary change occur.

It is absurd to use the term of dynamic static, although, as a paradoxical figure of speech could survive. In fact, the structural functional statics, provided by the legal system and its norms, the constitution and laws, encouraging the development, and therefore changes that will not disrupt the system. This legal system, the system of legal norms opens the possibility of improving their own development. Budget and planning acts explicitly regulate development. It is similar with socialization too.

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<sup>331</sup> Vidanović Ivan, *Rečnik socijalnog rada*, Beograd, 2006, str. 220.

<sup>332</sup> dr Emin Memišević, *Pravne norme u društvenom ponašanju (devijacije – socijalna patologija – socijalizacija)*, Sarajevo 2010. godine, str. 124 i 125.



## SOCIALIZATION AND LEGAL STANDARDS

Between the socialization as a process of forming people as the subjects of positively oriented social and legal norms, through the behavior in the broadest sense, a necessary and very strong interdependence is obvious.

In order to achieve relatively permanent socialization, that permanent, or at least long term, provides behavior of the subject (which is the manifest form of the relationship) in and toward the society in accordance with the standards, needs and interests of the society, a relatively permanent system is necessary – an orientation value system of society as a guide in thinking, understanding, perception, belief and behavior. The provisions of that orientation system of values have axiomatic foundations for the vast majority of people - members of the society they are certain truth and life policies. Role models contained in the traditions and legends contribute their durability and rigidity, in the established beliefs and rules of religion in daily life and practice, in organized, civilized modern society, the legal normative system.

In the process of socialization, it is important to create the beliefs and habits of behavior not only that something is valuable, but the interpretation of these values with sufficient reasons to accept the value stated as such, that in everyday life trying to realize it, i.e., to be persistent in the opposition of deviating from demands of realization of that value. Determination of the value through a complex social process of learning and gaining experience means manner of realizing value as value.

By insisting on the legal – legitimate, socially acceptable social approval and the virtues, with constant opposition to vices, the training and getting used to people to behave according to the requirements as expressed by social norms, especially legal norms is simultaneous.

Some convictions and beliefs contained in some fundamental values (e.g., patriotism, benevolence, and loyalty) require self-sacrifice, renunciation of its own good, and benefits, so the orientation and behavior in accordance with these values cannot be understood as fear of punishment as a confiscation of property. Although the lawyers very convincingly explained the disposition and sanction as the parts of the standard itself, however, the concept of the good, especially the spiritual and physical good, emotional good and, in general, intangible property, remains very general.

Socialization and the legal system insist on the maintenance of society and prohibit the destruction of society and willful auto-destruction of personality. Attempts of the suicide, self-harm, etc. are punishable by informal social condemnation and legal sanctions. Yet, how come the aspirations and the tendency to destruction of existing society and to the destructive actions (most of deviations and pathological social phenomena are multi-faceted destructive) despite the continuous process of socialization and legal-normative system?



Socialization, as a legal-normative system, must have long-term basis, axiomatic terms, on which is building its system of action and complex, multiple impacts. This necessarily makes the socialization factor of immobility. Moreover, socialization is very conservative in the sense that from the beginning of human life trying to maintain some mass relations and institutions created over the centuries. For example, the important values on which socialization insists are the marriage, parenthood, responsibility, honesty, cooperation, and so on. Moreover, although many social conditions have changed, in some societies, including societies in transition, to these values current content and meaning are attached for centuries.

Detailed analysis of the situation in the flow of socialization relatively easy discover that exactly these terms, these static factors of socially oriented values are important condition for survival and development of the society to the level of social development. However, viewed in the system of society, these are not the agents of the absolute static, or absolute conservatism, but relative and selective socialization of social and legal normative system, which, according to the objectives, purpose and content does not prevent progress. History of human society proved a progressive movement in the three spheres of human society:

- (1) The sphere of knowledge, including fields of philosophical, scientific and practical knowledge; ability to perceive, understand, and comprehending predictions. In short, science-technological, professional and cultural spheres;
- (2) The sphere of reducing immediate pressures and various kinds of forces over man, expanding the sphere of human rights as individuals and as various types of collectives. This entails a reduction of a variety of scale, intensity, forms, and the basis of discrimination, with amplification and strengthening of various forms and contents of communication and protection of these processes.
- (3) The sphere of the expansion and approaching important social values, which is manifested through constitution – constitution of international social processes and the establishment of international law norms.<sup>333</sup>

This ascertainment is not a statement about the emerging harmonic, non-conflict society, whose progressive development is infinite and necessary. On the contrary, it expresses only the actually achieved progresses and the demonstrated tendency, despite the existence of various

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<sup>333</sup> Avramov Smilja, Kreća Milenko, *Međunarodno javno pravo, Savremena administracija*, Beograd, 1999.



social deviance and pathologies, their transformation and appearance of the new ones. We only claim that in planetary scale and in contemporary societies, the processes of socialization (including re-socialization too) and systems of legal norms built in itself incentive mechanisms for change - mostly generally evolutionary, but in some areas revolutionary too.

For example, the term "scientific revolution" is well-known, scientific, and other discoveries, the shift from manufacturing to the industry, the introduction of electronics, space flights, etc. By entering the terms "development" and "progress", the terms "efficiency" and "standard" in the system of orientation values and maintaining the role of the social power in practice (and power as its component) and competitions (rivalry) as a way of exercising power, and differences in social status as the result - the consequences of performance, socialization laid the foundations of training people that in given situations, understanding it and accepting it, develop various activities in the direction of harmonizing with himself.

The literature often speaks of the adaptation of the given circumstances, but it is forgotten, or it is insufficiently respected, that the adaptation to a given is only an initial phase of the process of social movement and that the majority of cases express the desire for vertical social mobility. As evidence of this, it is enough to specify mandatory schooling to a certain level, various competitions as a way of expressing ability, social validity (financially and through the reputation) the achieved level of knowledge and creativity, the various forms of public recognition, etc.

## **DEVELOPMENT OF ECONOMY**

Larger community provides more opportunities of development economics, including the greater prosperity of society, but requires greater effort to achieve the coordination of joint action. Regulation of relations in production today is mainly done with money in circulation. The money in circulating forms microeconomic and macroeconomic policy of the society.

Microeconomic policy regulates the supply and demand of goods and labor market. This policy is a product of free purchase and sale of goods by individuals or companies. The free market is difficult to anticipate, creating great difficulties in establishing a stable economy. Macroeconomic policy regulates the economy in the country. This policy leads state leadership in order to meet national needs. Macroeconomic policy regulates the monetary, fiscal, credit, income, customs, and other monetary policy. The task of macroeconomic policy is to ensure increased productivity in the economy, to balance the state balance of payments, to form social security of inhabitants and the balance of supply and demand of goods and labor market. Government regulation of economic relations has a duty to bring a stable and effective economic policy that will bring prosperity to the population.



States with the capitalist system supports a free market economy. In these countries, macroeconomic policy seeks to compensate for the shortcomings of chaotic trends of money by forming monetary policies.

The state is a large owner and a consumer of the money for administration, defense, all forms of insurance, investments, commodity reserves, and various subsidies and so on. By directing the money, the state directs the economy. In addition, the state employs huge numbers of people. It can also increase that number of organizing production planning for its own needs. Such an economy provides a stable economy and states often practice that as a way out of economic crisis. However, big capital is strongly opposed to state-owned enterprises, because they distract the profits, and such an economy is under the influence of wealthy powerful people in the largely privatized over the world. They can do that because large government systems have a highly developed bureaucratic structure that reduces productivity. Indeed, today's governmental services are often ineffective, as the centralized socialist system of economy was. On the other hand, the effectiveness of the organization of large systems economic activity is a soluble problem, as evidenced by constant reinforcement and association of large private corporations that have more and more workers are operating very well, and they can do even better.

## **THE FOUNDATIONS OF SOCIO-ECONOMIC STABILITY**

The stability of the economic system will be based on stable production, stable prices of products, stable incomes, and well-known needs of the population. In this way a stable production and consumption, as a condition of stability of the state will be established.

Such system delivers high productivity by lowering the level of competition of a company to level of the jobs. Within the country, a unique principle of the right to work over working competition should govern. Anyone can apply for each position and freedom of choice of work cannot be questioned. Work competition will, on the one hand, to give an objective value of each work, and the other will enhance the productivity of each work, which will achieve greater benefits to residents.

So far, the state management regulated the macroeconomic policies of the state, and that means a basis of social relations too. This means authorities always rule the company. As authorities often have special interests in relation to population, so people can easily remain dissatisfied with the decisions of authority. In addition, decisions taken by authorities are alienated from the population and therefore they cannot accept it as their own.

It can be said that today's macroeconomic policy has reached its maximum efficiency and that further develop of economic relations may enable the development of democratic relations in the economy.



Therefore, the people directly through the joint distribution of money could create a new economic policy of the state, which will replace the monetary, fiscal, credit and income policy of the present system. In addition, it will establish a new production and economic development policy, including the society. Immediate distribution of the collective money is going to reduce drastically the alienation in the process of production and distribution, while the economy will get macroeconomic landmarks of its own activity and the elements for a higher degree of economic stability.

## RESUME

In the norms of the constitution<sup>334</sup>, in which political-legal regulation properties of a given society are provided, a request for development and progress is given. In legislature - the legal system specific directions, directions, and dynamics of progress and development are closer. Are those are true, the best, and the most convenient routes and directions of development, whether the realization and the exercise of selected values in a particular interpretation is a matter of factual situations. However, apart from that, at the level of modern society development where everything speeds up, political and legal system is impossible without a prediction of perspective - that is, without incentives and commitment to a particular social dynamics. The interdependence of real social dynamics, functions of socialization and functions of the legal norms system, as a factor of realization of social dynamics and achieving the socio - economic stability, is evident and inevitable. Achieved functional interdependence and the approval of socialization and legal norms, with appropriate economic policies and the unique principles of exercising the right to work, mostly in the company fully ensure sufficient normal behavior, and narrow the possibilities for social deviance, and socio-pathological phenomena. Connecting of the legal norms and socialization processes in society i.e. the state as its institutional framework, are the strong factor in achieving social and economic stability. In these processes of adopting and application of legal and legislative norms of behavior and treatment, basic economic relations, based on the work of all members of society are inevitable. Socio-economic stability of a human community that is manifested through the institution of the state depends on the proper deployment of the members of the society (the state) i.e. on the ways and the effect of recognition of their right to work and adequate payment of that work will depend.

With this, we emphasize that security is one of the outstanding factors of economic stability, and security that ensure the sovereignty, territorial integrity, independence, and effective fight

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<sup>334</sup> *Ustav Bosne i Hercegovine*



against crime and extreme deviations with legal norms and their coercive actions. All these processes merge into a single flow of socialization - fitting individuals in the immediate social communities, and through them into broader forms of society and then in the international social processes, including the adoption and practicing generally accepted norms of behavior, cultural patterns and moral and good intentions, philanthropy with appreciation and respect for diversity and multiculturalism.

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## THE RIGHT TO ACCESS PUBLIC AND PRIVATE INFORMATION ON THE ENVIRONMENT – COMPARATIVE LAW ANALYSIS

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### **Abstract:**

*In this work the author deals with the issue and significance of the right to access information, which regards both public and private data and which represents the mere essence of ecological democracy.*

*The aspect from which the concrete issue is analyzed are the relevant international agreements, the EU law and the national legislature, denoting the advantages and disadvantages of their relevant regulations.*

### **Key words:**

*the right to be informed, the protection of the environment, public and private data, international agreements, the EU law.*

## INTRODUCTION

Even Lucretius said that we were the children of the air; the air was our common father, the earth our common mother. This is the best aspect from which we should observe the relation of a man to his environment. However, the history shows us that Russo was right when he reached the conclusion that progress suppresses humanity. Technological and economic development bring about the spur of individual needs of a man, to the disadvantage of other people's needs, and even to the disadvantage of their descendants. This shows a certain absurd, because the advancement of a man as a human being causes his self-destruction; anything that a man does during his lifetime is made a nonsense if one acts in the direction of destroying the existential support of future generations. However, the man's sense, to which even the concept of rational

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jus naturalism denotes, represents that support on which relies the world, and the sense can establish a renewed balance between the needs of the present individual and the survival of all future generations.

Ecological democracy represents a new expression, which implies the principle of equal rights for all people. The access to ecological information is of vital importance for the concept of ecological democracy. This policy of the right to information is the basis of providing the public with information. After they are informed about rudimentary facts concerning the quality of their surroundings, citizens can actively participate in revealing and solving the problems, both on a local and global level. It is clear that the right to information is an efficient means for enabling the community and citizens to be on 'equal terms' with industry and to reexamine the decisions of industries and governments about the quality of the environment.

The access to information motivates and authorizes people to participate in decision-making in an appropriate way, and this participation enables the authorities to respond to the concern and demands of the public, to build consensus and to improve the decision acceptance concerning the environment. The access to information depends on the authorities, more precisely it depends on its ability to put this right into effect.

## **THE RIGHT TO ACCESS INFORMATION ABOUT THE ENVIRONMENT**

The globalization of human activities and work, followed by the technical and technological development, causes every single undertaking to have global scale consequences. A legal regime by which a man strives to protect and improve the ways natural resources are used, thus protecting the public policy and welfare, is enabled by a system of high quality information provision, participation in decision-making and creation of opportunities for the citizens to protect their rights in courts. In order to be entitled to any right in the field of environmental protection, there is one important prerequisite as *conditio sine qua non*, and that is the right to access information about the environment, which enables citizens to find out the real state of their environment, what the influences of the surroundings on their health are, what the level of the present pollution is, as well as in what way domestic and international legislation regulates concrete issues. In that way the citizens could be a reliable and efficient partner of the state in conceiving and implementing ecological policy. In order to be entitled to this right it is necessary to have a higher level of the transparency of data, which are the possession of state organs. The common access to information about the environment was carried out by way of the system of reports selection which were publicly announced, and the provision of concrete information on the demand of a party was not possible unless there was a strong reason to keep it secret. This approach was also characteristic for one of the leading European states, Germany,



which can be seen in its Federal law on administrative procedures of 1976.<sup>338</sup> However, by entering the EU, all member states had to adjust their positive regulations to supranational law, and even Germany had to change this principle of a restricted right to access information.

Managing different findings on the global level depends essentially on the legal access to information and, in this context, to information on ecological risks. However, many current systems give advantage to administrative and corporative secrecy and in that way enable a monopoly on ecological information of the authorities or interest groups.

International ecological contracts are made among states with the aim to solve ecological problems of global and regional significance. It has always been worked on increasing the number of participating countries, since the global nature of ecological issues demands general cooperation.

In terms of structure, international ecological contracts can have the form of a “soft” law, prescribing non-binding principles, or the form of a “hard” law, which establishes legally binding rules. The core of ecological conventions and international agreements regarding this issue is divided into five basic groups: conventions on biodiversity, conventions on the atmosphere, conventions on the ground, conventions on chemicals and toxic waste and conventions on regional seas, like the Montreal Protocol, the Convention on Biological Diversity – *CBD*, the United Nations Framework Convention on Climate Change – *UNFCCC*, the Convention to Combat Desertification and the Stockholm Convention on Persistent Organic Pollutants – *POP*.<sup>339</sup>

Among international legal documents adopted on the European level, the *UN/ECE* Convention on Access to Information, on public participation in decision-making in access to justice regarding the environment, the so-called Aarhus Convention<sup>340</sup>, adopted in 1998. in the Danish town Aarhus, has great significance. The convention is also open for non-European countries, and it came into effect on October 30<sup>th</sup> 2001. 35 countries which signed it then, pledged to put the Convention legal regulations into the frameworks of their national legal systems, which represents an important step in the field of ecological law, both for the countries of Central and

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<sup>338</sup> *Verwaltungsverfahrensgesetz (VwVfG)*, 25. May 1976, Section 29 *named* „Access to Records by Participants“.

<sup>339</sup> **Montreal Protocol on Substances that Deplete the Ozone Layer** "*Official Journal of the SFRY – International contracts*" number: 16/90; **The Act on Confirmation of the Convention on Biological Diversity** "*Official Journal of the SFRY – International contracts*", number: 11/01; **The Act on Confirmation of United Nations Framework Convention on Climate Change, with annexes** "*Official Journal of the SFRY – International contracts*", number: 2/97; <http://www.unccd.int/publicinfo>; <http://www.pops.int/documents>.

<sup>340</sup> UN/ECE Convention on Access to Information, Public participation in Decision- making and Access to Justice in Environmental Matters, <http://www.europa.eu.int/comm/environment/aarhus/>.



Eastern Europe and for EU member states. With this Conference a direct connection between the realization of basic human rights and environmental protection is established.

When it comes to above cited international documents, they all contain strong commitment to spread the information on ecological problems to which the agreements refer to, on the process of negotiation and their outcome. Conventions secretariats maintain the centers of public information, as well as information on the Internet, and they issue reports on the outcomes of the negotiations about decisions, in many languages. Also, all five agreements enable national communication, by which signatories submit reports about their progress in the implementation of agreement regulations. On the other hand the policy foreseen by the agreements, concerning the confidentiality of negotiations, is much more restrictive. The framework of the UN convention on climate changes classifies all negotiations and information during the negotiations as confidential. The Stockholm Convention on Persistent Organic Pollutants establishes the confidentiality of the negotiations, but it allows exceptions for items of information regarded as non-confidential. The Convention to Combat Desertification and the Convention on Biological Diversity do not specify whether their negotiations are confidential or not. Although the intention of these agreements is to build confidence among signatories, defining all negotiations as confidential restricts the possibility of the public to follow and consider their governments' attitudes regarding these concrete issues.

## **THE RIGHT TO ACCESS PUBLIC INFORMATION ON THE ENVIRONMENT**

Historically speaking, there were significant differences between national legislatures in terms of the information kept by a state.

When it comes to the USA, an important place in the field of the right to access information has the Law on Freedom of Information of 1966 preceded by the federal Administrative Procedure Act of 1946 and Californian "*Brown Act*" of 1952 followed by so-called "*sunshine statues*" in Northern America and other *common law* system countries. This brought about radical global changes, and maybe even the emergence of universal constitutional rights.

While the majority of European countries (G. Britain, France, Germany) had the tradition of secrecy of an array of information by public authorities, a great exception was Sweden where Freedom of the Press Law of 1766. enabled Swedish citizens the right to access public information, which was not the case with a single legal system.

Much later this example was followed by other Nordic countries, among which there were Finland and its Freedom of Information Law of 1951 and Denmark with the Law on Access to Public Information of 1970. However, compared to the rest of Europe, the Scandinavian approach to the issue of free access to information was rather unusual, since the access to



information of public importance by citizens had long been regarded as incompatible with the representative democracy principle.

Apart from Scandinavia, European countries adapted slowly to new aspirations. The Dutch Law on Administrative Transparency of 1978 was among the first examples in continental Europe. More than ten years later, after a debate in the European commission and the Parliament, Council Directive No 313 of 1990 on freedom to access information about the environment was adopted, and it prompted the making of legal rules on transparency in all EU member countries. However, it is hard to change old habits. The application of Directive of 1990 replaced by Directive 2003/4/EC is still imperfect.

Nevertheless, things changed at the beginning of 1992 at Rio Conference, with the Convention for the Protection of the Marine Environment of the North-East Atlantic<sup>341</sup>, followed by the Council of Europe with its Convention on Ecological Responsibility, stating the obligation to access information held not only by the authorities, but also bodies with public responsibility for the environment, which are under control of public authorities.<sup>342</sup> Public authorities on a national and local level, coalitions of civil society and science experts in many countries, recognized the significance of public participation in decision-making about the ways of managing natural resources and terminating the destruction of the environment. This recognition happened at the Earth Summit in Rio de Janeiro, when 172 governments agreed that their decision-making in the field of the environment should be more open for the participation. This promise is known as the Principle 10 of the Rio Declaration.<sup>343</sup> It emphasizes the fact that the problems of the environment are best solved with the participation of all interested citizens on an appropriate level. On the national level every individual will have appropriate access to information regarding the environment, which is in possession of public authorities, and which also includes the information on hazardous substances and hazardous activities in a community, as well as the possibility of participation in the decision-making process. States will enable and increase public awareness of these issues, as well as participation in decision-making, by making the information widely available. An efficient approach to the judicial and administrative procedure will also be provided.

Eventually, the reforms process reached wider geographical frames. Non-governmental organizations of Northern and Eastern Europe had a key role in preparations and negotiations

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<sup>341</sup> OSPAR- Convention for the Protection of the Marine Environment of the North-East Atlantic, adopted at Paris on 22 September 1992 (revising and consolidating the earlier 1972 Oslo and 1974 Paris Conventions), *International Legal Materials* 32, 1068.

<sup>342</sup> Convention on Civil Liability for Damage Resulting from Activities Dangerous to the Environment, adopted by the Council of Europe (Lugano, 21 June 1993), *International Legal Materials* 32, 1228.

<sup>343</sup> Petrova, E. et al.: *Closing the Gap: Information, Participation and Justice in Decision-Making for Environment*, Washington D.C.: World Resources Institute, 2002.str. 22- 89.



regarding UN/ECE Guidelines on Access to Information and Public Participation in Environmental Decision-making in Sophia in 1995.

All these documents were an introduction to the Aarhus convention adopting.

It can be noticed that, regarding the issue of free access to information, Europe followed America, and one of harder tasks was to convince the EU itself, i.e. the bureaucracy in Brussels, that it also had problems in divulging information, so that free access to the documents of the European Parliament, Council and Commission could be established, which has now been guaranteed by the Transparency Rules, so, given that the EU is the signatory of the Aarhus convention, its institutions took over the obligation of revealing the information.<sup>344</sup>

Today, on the level of the EU the right to access information is regulated by Directive 2003/4/EC<sup>345</sup>, which is harmonized with ideas and demands of the Aarhus convention, while in Directive 2003/35/EC an idea of free participation in environmental procedures is incorporated.<sup>346</sup> Also the Regulation No 1367/2006 has been passed on the application of the Aarhus convention.<sup>347</sup>

## THE RIGHT TO ACCESS PRIVATE INFORMATION ABOUT THE ENVIRONMENT

In the light of the tragic *Bhopal* accident in North America in 1984 there was a strong reaction in the legislature of the USA. We can separate the Emergency Planning and Community Right to Know Act<sup>348</sup> of 1986 which demanded the compulsory reporting of toxic industrial

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<sup>344</sup> Regulation (EC) 1049/2001, *Official Journal of the European Communities* (2001) L 145, 43.

<sup>345</sup> Directive 2003/4/EC of the European Parliament and of the Council of 28 January 2003 on public access to environmental information and repealing Council Directive 90/313/EEC, *Official Journal L 41/26*.

<sup>346</sup> Directive 2003/35/EC of the European Parliament and of the Council of 26 May 2003 providing for public participation in respect of the drawing up of certain plans and programmes relating to the environment and amending with regard to public participation and access to justice Council Directives 85/337/EEC and 96/61/EC- Statement by the Commission, *Official Journal L 156*, 25/06/2003 P. 0017-0025.

<sup>347</sup> Regulation (EC) No 1367/2006 of the European Parliament and of the Council of 6. September 2006 on the application of the provision of the Aarhus Convention on Access to Information, Public Participation in Decision-making and Access to Justice in Environmental Matters to Community Institutions and bodies, *Official Journal L 264*, 25/09/2006 P. 0013-0019.

<sup>348</sup> Emergency Planning and Community Right to Know Act, United States Code 42, art. 11001, enacted as Title III of the Superfund Amendments and re-authorization Act, U.S. Public Law 99-499, as amended and supplemented (e.g., by the Pollution Prevention Act of 1990).



emissions, after which that information was available to the public through computerized data base, conducted by the US Environmental Protection Agency (*EPA*), as well as through national non-governmental networks and special sites of non-governmental organizations, like *Chemical scorecard* and The Right-to-Know network.

This means that anyone can download information on toxic emissions from all plants. Although there existed even earlier laws which regulated toxic emissions, on a federal and local level mainly as a respond to the demands of workers movements for employees to be informed about risks on the workplace, surprisingly good results were produced after implementing these measures.

This kind of law which refers to the right on information was passed in at least 25 states in the USA and in Canada.

The experience of North America had also its significant effects in the rest of the world, for example, in Australia and Japan *OECD* Recommendations were used for those purposes and in Brazil, Indonesia, and many other countries, through projects of the World Bank.

The continuance of the initiative of spreading the concept was undertaken by the UN Environment Programme (*UNEP*), then by the UN Institute for Training and Research (*UNITAR*), Inter-Organization Programme for the Sound Management of Chemicals (*IOMC*) and the private sector like the international campaign "The Right to Know", but also the Global Reporting Initiative (*GRI*).

When it comes to the EU, in July 2000 a decision for the Implementation of a Compulsory European Pollutant Emission Register (*EPER*) was brought, controlled by the European Environmental Agency (*EEA*).<sup>349</sup>

The first operational system in Europe was presented in 1974 in Netherlands and it was on a voluntary basis. Netherlands then established this system, but only a compulsory one, whose information was available to the public, and apart from Norway, there were Sweden, G. Britain, Austria, Belgium, the Czech Republic, Denmark, Finland, Germany, Hungary, and Ireland.

In this context we should not exclude the Protocol on Pollutant Release and Transfer Registers, signed to the Aarhus convention in Kiev from 21<sup>st</sup> -23<sup>rd</sup> May 2002.<sup>350</sup> The main purpose of the Protocol is to demand all member states to establish pollutant registers available to the public, and especially to reveal information from the private sector.

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<sup>349</sup> Implementation of a European Pollutant Emission Register (EPER): Decision by the European Commission (2000/479/EC, 17 July 2000), *Official Journal of the European Communities* (2000) L192, 36.

<sup>350</sup> <http://www.unece.org/cep>.



## CONCLUSION

International ecology agreements indeed to a great extent prompt the right to access information and the participation in decision-making on a global level, but they have a few weak points, and those are: access to justice and participation in national implementation. Although the submission of reports on national advancement in the promotion of these rights is demanded, these reports present self-estimation and they are not submitted to evaluation from the third party. Also, the confidentiality of negotiations, which these contracts establish, means that the public has no information sources, by which it would criticize the failure of signatory states to promote efficiently public participation and access to information.

Public participation in international contracts takes form of a formal membership in labour groups, created with the aim to solve specific technical things or they are often informal, since many non-governmental organizations attend conferences or meetings of contracting parties of conventions as observers.

Public participation on the national level is equally weak. Domestic interest groups have common restricted possibility to influence the decision-making on the environment on the international level.

In order to make the policy of environmental protection successful, from a local to international level, a good will for its implementation through all political and legal means is certainly necessary, but more than anything it is necessary to achieve prerequisites, which include the increase of public awareness on ecology problems, as well as the passing of appropriate legal regulations.

A change is always a challenge and it takes time. But, what is obvious is that the programmes which promote the right to information and ecological democracy, have opened the door to the public and its influence on decision-making regarding its benefit. And that door will not be closed, furthermore it should be opened more widely, as the providing of basic information leads to demands for more precise information. Together, a new term of ecological democracy and establishing the concept of the right to information can bring all nations of the world to a healthier and sustainable environment.



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## UNDERGROUND ECONOMY WITH EMPHASIS ON BOSNIA AND HERZEGOVINA

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### **Abstract:**

*The paper gives an overview of the underground economy, the main significance, and the positive and negative aspects of this economic situation. The aim is to present the key features of the underground economy, the moment of its creation and development. Also, will become aware that the underground economy at a particular moment is positive, i.e., records some positive effects, but it is still negative. In any case, it is related to the general situation in economy of a country while the case in this paper will show the extent of underground economy in BiH.*

### **Keywords:**

*underground economy, black economy, Bosnia and Herzegovina*

## INTRODUCTION

Widely accepted and used the term „black economy“ hardly can be defined precisely because it broadly covers a range of forms and modalities, the performance of economic activities or transactions in a manner which deviate from the norms in this sense and can be classified according to different selected criterions. In fact, the underground economy includes conducting economic activity outside the legislation (underground economy) or in contravention of the regulations (underground economy). Simply put, the common feature of all activities covered by the term of underground economy is that - something is not working or with the activities or information about them - and its identification or earlier definition – is the question of stylistic expression than the question of a concept that has operational significance. At the national or international level is essential for the economic activities of individuals or organizations that, at least in some aspects, do not declare (undeclared economy), are often not registered (unregistered economy) or non-taxable (tax evasion).

Bosnia and Herzegovina, in accordance with the present condition and the current crisis, is extremely vulnerable to the underground economy. The underground economy is present in every sphere of social and economic life of BiH. One can say that it is unfavorable from the standpoint of the state and scope of collected taxes, however, from an economic standpoint, underground economy is not as negative because it opens further economic trends, which will



be more discussed in this work. On the other hand, black economy involves criminal activities, and it is in any case undesirable and disadvantageous for both, the government and the economy.

## **BASIC FEATURES OF THE UNDERGROUND ECONOMY**

The underground economy is economic activity that is not verified in accordance with the regulations in force in that area to perform such economic activity. It represents the part of economic activity, which is not statistically recorded, in part or in whole, in accordance with applicable regulations. Any definition of the underground economy can hardly be accepted as universal and completely accurate,<sup>351</sup> because the underground economy comes in different forms in different sectors, manifested with different intensity, it includes different categories, based on different legal regulations of the economy and the like. No matter how you define the underground economy, or whatever the name used for what it includes in its broadest sense, only its reference is associated with activities that are not formally registered, that are not statistically shown, that in some form violate current regulations, activities about which there is no information and that benefit operators who performs them to the detriment of general interest. Based on formal legal criteria, underground economy can be designated as a permissible form of economic activity that does not take place within the current formal and legal regulations for this type of activity. Therefore, it is an activity that is economically legitimate, but from the legal point of view is illegal. Opposite it is a regular economy that is both, legitimate and legal. This is important to note for the distinction of the underground economy, because in many societies, there are activities that are not prohibited, but for their performance does not include the fulfillment of any form of formal legal regulation (e.g., daily work at home by the members of the household: food storage, cleaning, washing dishes, raising children, etc.). That part of economic activity cannot be classified in the underground economy, but that work, as well as the underground economy, belongs to the underground economy. Only if some of these types of activities to fulfill the formal - legal conditions for the transition from informal to formal sector (e.g., if selling these services on the market started), it could be

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<sup>351</sup> The first study on the underground economy in BH: Rajko Tomas (edit.), "Gray Economy in the Republic of the Srpska", UNDP, 1997. Following exploration of underground economy in the RS for 2000 was conducted by R. Tomas and G. Bozovic in the study: "Obim, struktura i metodi eliminacije sive ekonomije u Republici Srpskoj", Ekonomski fakultet Banja Luka, 2001. The first comprehensive study of underground economy in BiH was published in a USAID study: Roberto Dell'Anno and Marje Piirisild, "Estimate of Non-Observed Economy in B&H", Financial Services Volunteer Corps, 2004. Bojan Nastav and Štefan Bojnec from the Faculty of Management of Koper, published in 2006, the comparative analysis of the underground economy in BiH, Croatia and Slovenia ("Shadow Economy in Bosnia and Herzegovina, Croatia and Slovenia", Faculty of Management of Koper, 2006).



classified in the underground economy if it does not take place on any of the formal business rules.

## **BLACK AND GREY ECONOMY**

The gray economy is, as we have explained, economically legitimate, but legally illegal. However, there is a part of economic activity that is prohibited. Given the fact that it is banned, it cannot be classified in the underground economy, although it met the criteria of illegality. Very often these activities are classified as so-called „black economy“ (e.g., drug trafficking, prostitution, racketeering, robbery, human trafficking, arms smuggling, and so on). Defraudation of taxes in scope of the registered activity (deliberately reduced income, unrealistic increase in costs, the use of lower base and the like), can also be classified as „black economy“. Market activities in the area of „black economy“ apply „the laws of the mafia.“ Revenues in the „black“ and sometimes the „gray“ market, is hard to hide from the mafia („racketeers“) than from tax collectors. Therefore, on the „black“ and „gray“ markets, which controls the mafia, there is a constitution of, let's call it so, „secondary underground economy“, or concealment of total revenues before the mafia. Notwithstanding the very clear distinction between gray and black economy, in the evaluation of their amount it is difficult to determine the border. As a rule, data on the black economy cannot be obtained through surveys, and using indirect methods of assessment is difficult to separate the effects of gray and black economies. Therefore, with the assessments of the underground economy the information black economy is included or not is cited. Often „black“ and „black economy“ intertwined, because the performance of legal activities in an illegal manner always involves elements of „black“ economy (e.g. transport of the goods in the gray market, always includes defraudation of taxes, if you classify it as the „black economy“).

## **POSITIVE AND NEGATIVE SIDE OF UNDERGROUND ECONOMY**

### **POSITIVE SIDE OF UNDERGROUND ECONOMY**

Although the underground economy is usually presented to the public as a negative phenomenon, because of its existence, the state loses a part of public revenue, though its existence, in terms of overall economic activity, it is not useless. One could say that the existence of underground economy opens up the question of antagonism of public and private interests, then the distribution and redistribution, the politics and economics. The existence of underground economy in a high percentage in any country, always seem to be responsible for both citizens and government. It is unacceptable for an explanation in a country with a high level of underground economy in which citizens are prone to the underground economy; the authorities are powerless to combat the underground economy. Payment of public funds, in



orderly democratic country, citizens in a more rational way buy public services and pay the price of using public resources. The authorities would have to understand, if they are democratic, that paying public revenue does not pay tribute to the authorities, but the price for what the government should „produce“ through public institutions. Thus, the preference for the underground economy is not only the term of „corruption“ of the people. Those who pay for public revenues, expect to get something for that money. If the government is irrationally spending taxpayers' money, thereby offering a poor and inadequate public services and public goods, the preference for the underground economy is growing. Activity that takes place in the underground economy is often a rational economic activity. Therefore, this is not harmful, unuseful, or prohibited activities. It is only in the informal sector. Underground economy, with the resources used and the results achieved, is an integral part of the real economic power of a society. As such, it has many positive effects on overall production, total consumption, employment resources, entrepreneurial development, and the development of innovations, social stability, standard of living, market stability, and price.

## **NEGATIVE SIDE OF UNDERGROUND ECONOMY**

It would be wrong to understand that, because of the strengths of the underground economy, its negative aspects do not exist, and that the action of its limitation is unnecessary. Gray economy has disastrous long term consequences for a community. Its high level indicates a non-functioning in all dimensions: it is shown that the existence of the state and its institutions is unnecessary, and the system value of the given community was launched out of the box that has reached a civilized society. So, we can speak of the underground economy as a phenomenon that has positive aspects in the use of resources, easing of social tension and pressure the government to change the system in which there will be less underground economy, but it is however, a phenomenon that its long-lasting and expanding destroys all the state institutions and value system of civilized society. Black economy resulted in lower public revenues, which threatens the efficiency of public institutions, forcing them to offer lower quality public services and goods. This reduces the standard of budget users, but also of all citizens. Accordingly, the underground economy indirectly increases the tax burden on economic entities operating in the formal sector, because the burden of public expenditure allocated to a smaller number of taxpayers and a smaller tax base. The existence of underground economy influence minimizing the impact of the authority and trust in public institutions. Survival of the underground economy needs corrupt government, so that the underground economy is the biggest financier of the most corrupt elites, and bribe that form of elite receives is a type of underground taxation. In addition, the very coexistence of gray with the legal economy, increase business indiscipline, threatens the country's legal system, allowing the spontaneous establishment of parallel systems in many parts of society. The prevalence of the underground economy favors expansion of the „black“ economy and the spread of prohibited forms of business activities to constitute mafia as a sort of management layer that manages the gray and black economies. Short term, the



underground economy can increase the competitiveness of the illegal sector of the economy in relation to the formal sector of the economy. In the long term, underground economy leads to irrational use of resources. Authorities should encourage citizens and companies to operate more in the formal sector of the economy, and thus use a number of advantages in an economic system that does not exist in the underground economy. Only then did the government gain the right to apply sanctions to continue to keep this activity in the gray sector. Otherwise, if the state apply sanctions and keep the hard economic conditions in the formal sector of the economy, the consequence will be choking of the development of many activities.

## **UNDERGROUND ECONOMY IN BOSNIA AND HERZEGOVINA**

Bosnia and Herzegovina, in accordance with its recent history, current state of the economy and social services, dissatisfaction of the population, but the current crisis is fertile ground for the development and maintenance of the underground economy. Not all levels of government give adequate answers in terms of resolving the key issues of economic development, employment, and prosperity in the entire country. This is one of the keys to survival and development of the underground economy. Specifically, the underground economy would always occur in those situations when citizens are not satisfied with the work of state bodies and do not wish to pay state taxes or any similar activity which filling up state budgets. The fight for the preservation of state government, the establishment of unity, equality and so, has its price in the budget, implies a degree of taxation, and public spending that money and the ability to control. In Bosnia, different forms of underground economy are registered. Some of the most widespread and social - economic most important forms of underground economy, registered by different control bodies, but which was confirmed by direct participants in activities in a gray area as its own experience:

- The area of trade in goods and services, various forms of trade in goods and services in this sense exist that are considered illegal;
- The area of payment is also subject of the underground economy development;
- The area of monetary - credit and banking business is also part of the economic activity that are subject to the underground economy. However, it must be noted that in our country significance of the scope of these activities of the underground economy is not present, except to the extent of the usuring, which has grown to considerable proportions;
- The labor market and labor relations are a special segment of the underground economy;
- Construction, housing and utilities, and real estate area;



## ESTIMATED VOLUME OF GREY ECONOMY IN BOSNIA AND HERZEGOVINA

Since the latest research and evidence for BiH in terms of the underground economy are evident for 2008, in this study will be used available data. According to various reports and estimates of the underground economy and its strengthening in BiH, the final results of its condition are adopted, which are presented in the following overview:

Table 1.: The estimated size of the underground economy in BiH for 2008, in mil. of KM

	<b>Estimated underground economy</b>	<b>% share of entity and Brcko u GDP of BiH</b>	<b>% share in total underground economy of BiH</b>	<b>% of underground economy share in GDP</b>
<b>FBIH</b>	4.645,01	63,35	70,86	29,67
<b>RS</b>	1.731,62	34,26	26,51	20,52
<b>Brcko</b>	172,69	2,39	2,63	29,22
<b>Total BiH</b>	<b>6.549,32</b>	<b>100</b>	<b>100</b>	<b>26,52</b>

Source: Tomas, R., „Krizna i siva ekonomija u BiH“, Friedrich-Ebert-Stiftung BiH 2010, pp.67

If we assume that the research data presented, at least roughly, accurate information regarding the underground economy for 2008, it shows that total size of the shadow economy amounted to 6.55 million, or 26.52% of total gross domestic product, which is not negligible data. This amount has major implications for the functioning of the society. Of it the appropriate taxes and contributions are not paid, making the average tax burden on registered taxpayers were potentially greater than the potential burden. In addition, the FBIH rate was 29.67%, 20.52% in the RS, and Brcko 29.22%. At a relatively lower rate of underground economy in the RS the



increase in employment influenced, growth in average wages and faster growth of gross domestic product. In addition, the Panel survey of households showed that<sup>352</sup>:

- „It is more likely that people who live in the RS than those who live in the Federation that are entrepreneurs, to perform seasonal work, to have a fixed-term contracts or work in the family business“, and

- „there is a greater likelihood of households in the RS than in FBiH households to have two or more persons employed in the household.“

### **THE EFFECTS OF ESTIMATED SCOPE OF UNDERGROUND ECONOMY**

Gray economy provides income growth of the economy and population, improving their economic position. On the other hand, it reduces government revenues, impoverishing users of public revenue and forcing state to increase tax rates in order to provide necessary public revenue. Very often, the incomes in the underground economy are associated with corruption and crime, so that the shadow economy reduces the efficiency of state institutions at a given level of public spending. Applying various methods of determining and calculating in BiH, led to the estimates of underground economy in BiH in the amount of 6.5 billion of marks. From that, the statistical authorities are using their methodology in calculating gross domestic product for 2008, to include 2.5 billion marks. The difference of four billion marks represents the undiscovered part of the underground economy.<sup>353</sup> If we add this amount of gross domestic product for 2008, we get the total volume of economic activity.

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<sup>352</sup> Anketa o siromaštvu u BiH, Agencija za statistiku BiH,

<sup>353</sup> Agencija za statistiku BiH, [www.ads.gov.ba](http://www.ads.gov.ba)



Table 2: Share of underground economy in total economic activity of BiH in 2008, in mil. KM

	<b>GDP in 2008</b>	<b>Unregistered part of underground economy</b>	<b>Estimated underground economy</b>	<b>Total economy activity</b>	<b>% share of underground economy in economy activity</b>
<b>FBIH</b>	15.657,00	2.894,00	4.645,01	18.551,00	25,04
<b>RS</b>	8.468,00	1.083,00	1.737,62	9.551,00	18,19
<b>Brcko</b>	591,00	108,00	172,69	699,00	24,71
<b>Total</b>					
<b>BiH</b>	<b>24.716,00</b>	<b>4.085,00</b>	<b>6.555,32</b>	<b>28.801,00</b>	<b>22,76</b>

Source: Tomas, R., „Krizna i siva ekonomija u BiH“, Friedrich-Ebert-Stiftung BH 2010, pp.71.

Therefore, as you can see from the presented data, the volume of total economic activity in BiH for 2008 was 29 million KM. Of these, the total share of the underground economy accounted for about 23% of total activity. The part of the entity and the District, the largest proportion of underground economy recorded the District of Brcko, than Federation, while the smallest share of underground economy of 18.19% had Republika Srpska.

It is certain that in future it is necessary to work on special activities of reducing underground economy, and similar irregular flows.

## RESUME

Underground economy covers a range of economic activities, legally unregistered and hence illegal. However, types of hidden activities suggest a very different economic significance of the phenomenon of underground economy in which every effort of the conventional definition implies a number of exceptions or special cases. Given the scope and the effects of underground economy, activities in which it appears, it is difficult to give a comprehensive definition of the underground economy. In fact, it is desirable to abandon the unique and comprehensive definition of the underground economy applicable for any analysis of the phenomenon for the



simple reason that there is no such definition. Special emphasis in this paper is given to the underground economy in BiH, which has always had a big stake in this country and especially in age of crisis. In the final section, it is important to note that the activities of the underground economy in BiH can be implemented within three groups of measures:

- Measures to encourage market participants to operate in the formal sector;
- Measures that compelling market participants to operate in the formal sector, and
- The measures to punish those who act in an area of underground economy

In fact, all three groups of measures are in the field of designing social and economic system. Economic system, especially, should be a stimulus for the legal business, legal ownership of property, legal acquiring of wealth and legal enter into contractual relations. On the other hand, it must be destimulative i.e. it must produce a far greater risk of loss, than the likelihood of generating a profit from informal activities. Finally, the system must have a clearly defined sanctions and consistent application of sanctions for those operating in the sector of the underground economy.

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## REGULATORY POLICY OF THE EU MARKET

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### **Abstract:**

*The modern studies of public policy are three basic types of economic policy: regulatory policies, spending policies and macroeconomic policy. There are three types of policies in the EU: this document discuss the regulations mainly on the EU market, and analyzes the macroeconomic issues related to economic and monetary union. European Union, with an increasing delegation of powers to the European level of economic, social, environmental and regulatory policies, is described as "regulatory state" or "regulatory entity". This section analyzes the regulation issued by the EU, the way this act is made, and why EU regulates some areas more than others do.*

### **Keywords:**

*politics, markets, EU*

## THEORY OF THE REGULATION

Economic policies have two possible effects: redistribution and efficiency. The difference between these effects is shown in Figure 1. In this hypothetical society, there are two citizens, A and B, and current government policy, X, produces benefits AX and BX for these citizens. The government is considering two possible political changes: Y and Z. Trend towards policy Y would have a "redistributive" effect, making bigger welfare for the citizen A (according to AY-AX) or less for a citizen B (according to BY-BX). Indeed, any political change along the line that passes through the X and Y mean to transfer benefits from one citizen to another. In contrary, the movement towards politics Z would bring benefits to both citizens (according to AZ-AX and BX-BZ). In fact, any change in policy from X to darken area would make that



citizen feel better, while other would still be good, without worsening the situation. This is known as "Pareto efficiency" (by Pareto Vilfredo Italian sociologist).<sup>354</sup>

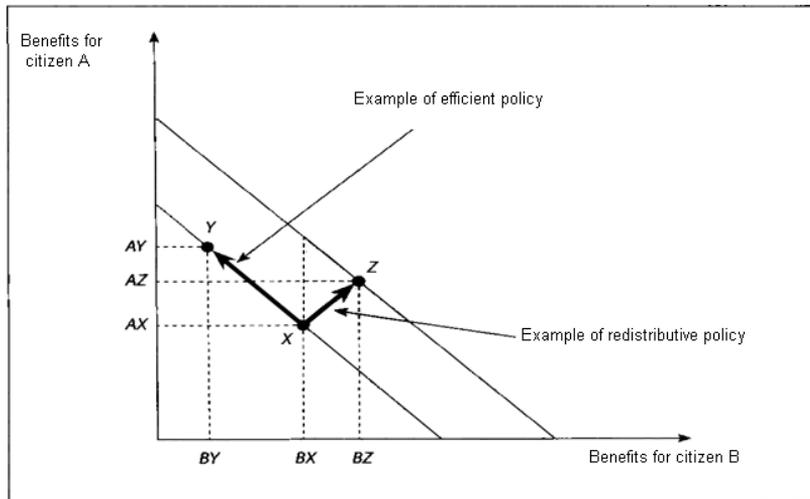


Fig.1 The difference between the redistributive and efficient policy

Image taken from the EU Political System book by Simon Hicks

Creating a result that is in the interests of all parties; - in the "public interest"- is the traditional goal of regulatory policy (Mitnick, 1980; Sunstein, 1990). In neoclassical economic theory, free markets are naturally Pareto efficient, but in the real world, there are several "market disorders".

Structure can be used to correct these disorders:

- *Technical standards and standards to protect consumers* enable consumers to acquire information about product quality to which the public normally cannot access;

<sup>354</sup> Hicks S. Politički sistem EU, Službeni glasnik, 2007.



- *Health and safety standards and standards in the field of environmental protection* reduce adverse effects (negative external effects) of market transactions to individuals who do not participate in these transactions;
- *Competition policies* prevent the emergence of monopoly on the market, disruptions in the market (through government subsidies) and anti-competitive behavior (such as a price formation for a purpose);
- *Industrial regulators*, through instruments such as price controls, ensure that natural monopolies operate in accordance with market regulations.

However, if economic policies create democratic, majoritarian institutions such as Parliament or the government, they will tend to be redistributive rather than efficient. Assembly and government control political parties, which will attempt to achieve political outcomes using their supporters. Therefore, democratic government strives toward policies that transferred funds of the minority that is in a losing position to winning majority in the certain electoral contest. For example, in the case of consumer policy, mostly leftist governments raise taxes for the wealthiest layers of society and increase public spending on social contributions, while right-wing governments tend to reduce taxes and fees.

If the Democratic majority is allowed to manage the regulatory policies, there will be redistributive similar results: for example, the Left will use regulation that would improve workers' rights and protect the environment, raising the costs to the business community, and the right wing will do the opposite.

Accordingly, a key argument in the literature dealing with regulatory policy is: if regulatory policies need only to correct market distortions, with Pareto effect rather than redistribution, they have to be consisted of "non-majoritarian", i.e. independent institutions (Majone, 1996). During the 1980s in 19<sup>th</sup> century, the U.S. government has established an independent agency to regulate the U.S. market (Skovronek, 1982), and European governments have begun to apply similar measures during 1980s in 20<sup>th</sup> century (Majone, 1994). At domestic level in Europe, independent agencies were established to regulate industries that were previously public, and at the EU level, commission's task was to regulate the single market.

This traditional justification for regulating the "public interest" is essentially normative. Modern political science is also analyzing the results of public policies using positive theories, which try to explain the political outcomes in deductive way. The first positive approach to regulation was Stigler's (Stigler, 1971) „The theory of economic regulation” in which structure is required by private interests and provides politicians. On the other hand, applying the Olson theory of organization of interest groups (1965), some interest groups are able to influence regulatory



entities. For example, the cost of price control is big for one monopoly company (selective), while the benefits to the individual consumer or the taxpayer are small (loose). Accordingly, groups of producers (the interests of the business community) are more able to influence the regulatory entities rather than representatives of diffuse nature of interest, such as consumers, taxpayers, fighters for environmental protection and employee.

This positive theory leads to opposite conclusions from the traditional normative approach. It is unlikely that an independent regulatory entity is going to create Pareto efficient policy, and they are prone to lobbying by the democratic majority of institutions such as Parliament or elected governments. Nevertheless, the reality is somewhere between these two extremes (Peltzman, 1989). In practice, manufacturer, industry or profession is not able to fully include regulatory entity by lobbying and take all the benefits of lobbying for them, and the proposed regulations generally provide at least some benefits to consumers and other representatives of diffuse interests.

Hence, it is possible to conclude that, in parallel with increasing loss of consumers, their incentive to reduce the influence of representatives of other interests in the regulatory entities increase.

Normative theory of regulation also does not take into account the role of institutions in shaping the way in which regulators act. Regulation is made in a complex institutional environment, which includes legislators, courts, executors and regulators at various levels of government. For example, in the multilayered political system as is the case in the U.S. and EU legislation is created on multiple levels (Kelemen, 2000). When you have the power of choice, producers would prefer to opt for market regulation to be performed at the highest level of government. In the first place, because the organization at a higher level is more expensive it will be harder for diffuse interest to mobilize and confront the producers at that level. Second, at the higher level competition may arise between different local regulatory regimes, which would allow free capital to choose the least regulated region, and force the government to introduce deregulatory policies to attract capital (Scharpf, 1997). Discretion authorization in the work of regulatory agencies can be limited using institutional control. The legislator may use various institutional mechanisms to prevent that a regulator design and implement public policies that are beneficial only to certain categories of producers. For example, assembly may determine the criteria of public interest in the contract with the regulatory entity, to elect a new director of the agency every couple of years, and require that the regulator consults different interests and reports to parliamentary committee and media (Moe, 1987; Horn, 1995). However, if the regulatory agency is under the control of the parliamentary majority in focus, we return to the beginning: the parliamentary majority use regulation as a means of distribution rather for elected majority than the society as a whole.



In general, the creation of regulatory policy is a struggle. Normative analysis shows the following: if regulatory policies are to be effective (in an effort to overcome the irregularities of the market), they should be entrusted to non-majoritarian institutions such as the European Commission. Positive theory, however, shows that once delegated regulatory powers, subject to regulation (groups of producers) are likely to be able to influence the regulators than the public interest. In addition, the business community will have an interest in the institutional configuration that would make them to "encompass" regulator, such as the regulatory agency at the highest political level. Faced with this situation, politicians are able to introduce mechanisms that would limit regulatory discretion.

## UNITED MARKET

At the intergovernmental conference held in Luxembourg between February 26-27, 1986 the text of the Single European Act (SEA), which came into force in 1987, was signed. It was the first significant revision of the Treaties of the European Communities and the introduction of institutional changes, but without substantial transformation of the Community and how it was conceived by Spinelli's project, i.e. the proposal of the EU Treaty of the European Parliament.<sup>355</sup> SEA defined 31<sup>st</sup> December 1992 as a deadline to implement proposals from the Commission, and introduced a new institutional mechanisms to achieve this goal: qualified majority voting in the Council and the procedure for cooperation with the European Parliament. These regulations cover three main areas: physical barriers, technical barriers and fiscal obstacles.

In terms of physical barriers as the first area, the Commission has proposed cancelling of controls the movement of goods and persons. Until late 1991, the Council agreed with the removal of customs formalities, paperwork and control at the borders between Member States (which numbered approximately 60 million documents per year). In October 1992, the Commission has published the Common Customs Tariff (*nomenclature*), and customs barriers were finally called off on 31 December 1992. By the end of 1992, 81 measures were adopted on issues related to the movement of agricultural products, and compensation for farmers at the borders in accordance with the Common Agricultural Policy. However, in terms of barriers to the movement of people has been made small progress. So, Great Britain, Ireland and Denmark have agreed on abolition of passport control and the establishment of common visas. Other members have signed the Schengen agreement; the EU has built a new institutional mechanisms and legal instruments to regulate these areas in accordance with the "third pillar" of cooperation in justice and home affairs, as well as subsequent reforms of this pillar in the scope of

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<sup>355</sup> Gasmi G., *Pravo i osnovi prava EU*, Singidunum 2010, pp. 132.



Amsterdam Treaty.<sup>356</sup> Secondly, the Commission took the title "technical obstacles" as a common category. When it comes to product standards and in the Cassis de Dijon case from 1979, the European Court of Justice ruled that all products that meet the standards in one member state could legally be sold in another. Based on this principle of "mutual recognition", the Commission proposed "a new approach to technical harmonization" (Pelkmans, 1990).

In the area of public procurement while awarding public contracts, the governments are not able to give priority to domestic companies. The free movement of people and entities, the residence rights were extended to categories of the unemployed (such as students and pensioners), non-citizens have gained access to state subsidies and social rights, and certain rules are designed to compare the educational and professional qualifications.

In the service sector, several directives on the liberalization of financial services, air, land and river transport, as well as the opening of national markets of telecommunications and television services were enacted. Regarding movement of capital, the control of the free flow of capital between member states was abolished. Third, in order to remove fiscal barriers, the Commission proposed the harmonization of value added tax (VAT or sales tax) and excise tax on products such as alcohol and tobacco. After lengthy negotiations, the Council adopted a framework for harmonization of VAT in October 1992. This includes a standard minimum VAT rate of 15 percent in each Member State, the abolition of luxury tax (and lower rates for specific products in the interim period), as well as rules about when to pay VAT - in the case of cross-border trade, for example, VAT is paid at the destination. That same month, the Council has set a harmonized structure for excises with abolition of restrictions on cross-border purchases of products like alcoholic beverages and tobacco (for personal use), and the subsequent abolition of duty-free sales in aircraft and on ships (1999). According to Professor Dr. Dusan Jaric and Dr. Victor Radun market in economics is perceived as a mechanism to ensure regular and adequate exchange of goods and services. The market is primarily perceived as a mechanism of exchange, i.e. medium for the exchange of manufactured goods and services between two parties: the manufacturer and the purchaser or consumer.<sup>357</sup>

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<sup>356</sup> Op. Cit. Hicks S.

<sup>357</sup> Jarić D. I Radun V., *Uvod u ekonomiju*, Autorsko izdanje, Novi Sad 2007, pp.155.



## RESUME

The single market has changed the process of governance in Europe. Rules on the production, distribution and exchange of goods, services and capital is now largely determined at the European level, which led to a special regulatory regime, i.e. connection of liberal deregulation and regulation of social market. The single market program had a strong deregulatory effect. Mutual recognition and harmonization and the new approach, combined with competition protection policy in the EU, led to the abolition of customs barriers between member states and liberalization in many sectors of European economies. National governments have no freedom to use trade barriers, state aid and special permit for the business, to protect their industries from competition from other EU member states. Therefore, some leftists (especially Scandinavian countries and France) the single market program is the victory of neo-liberal project. However, in the single market mode there are some important regulatory elements. First, harmonization of national standards for products aimed at achieving effective results in the European public interest. Instead of reducing the rules that apply to goods and services, EU has been particularly successful in establishing a new European product standards (such as CO2 emission), and in many cases these new standards are at a higher level than was the case in most Member States. Second, harmonization of standards in the process of labor and production is aimed at achieving the results of this redistribution policy. These regulations are not disbursed social value directly by subtracting from one group (by taxation) and giving the second group (through public spending). Indirect redistributive effect was achieved by imposing costs for producers and protecting the values and interests of advocates of environmental protection, consumers, employees and other representatives of diffuse interests.

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## CREDIT SECURITIZATION

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### **Abstract:**

*Credit securitization mark the transformation operation of the bank loans into securities that are issued based on these credits i.e. financing of business by converting bank credits into marketable securities and, subsequently, their sale in the financial market. Meaning of the credit securitization is a tendency of the banks to provide a greater liquidity of their assets through transactions on the financial market. Bank loans remain in the assets of the bank until their final liquidation, which means that loans are a form of non-liquid assets of the bank. Illiquidity is significant if the loans are in the long run.*

### **Keywords:**

*credit securitization, banks, risk, liquidity.*

## INTRODUCTION

Credit securitization process involves the transformation of loans into marketable securities characterized by high quality and liquidity. Bryan believes that we should make difference between securitization and credit securitization. In fact, securitization could be interpreted as a general process that includes suppression of the bank loans in favor of securities expansion. Under the credit securitization should be included the specific operations that would mean the transformation of bank loans into bonds issued based on these loans.<sup>358</sup> It should be noted that the concept of credit includes all forms of financial assets that involve refund. This means that the term of the loan may be classified as bank loans and bonds as a form of securities, which contain refund within a specified period. The goal of securing bank loans lies in the fact that banks in market economies tend to be closer to the open financial markets and to provide overall liquidity of their assets. This is particularly important in conditions where banks have a large share of interest-sensitive deposits as a source for financing long-term loans at fixed interest rate. In these conditions, banks may fall into the trap of interest if there is an increase in

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<sup>358</sup> Lowell B, Structured Securitized Credit, A superior tehnology for Lending, 1991, pp. 56



fixed interest rates. According to the traditional concept, bank loans remain the bank's assets until the final liquidation of these loans. In this context, loans are a form of non-liquid assets of banks, even if they are performance loans, and illiquidity of bank loans is particularly significant if loans have longer maturities.<sup>359</sup> Credit securitization began in America with the mortgage loans for homes that have been granted by the government financial institution. Based on the mortgage pools bonds that were also asserted, a state guarantee has been created. This created a system in which the mortgage loans over bonds issued could be sold to various investors who are buying these bonds placed their financial potential charging market interest rates. Later, in America, the pools of mortgage housing loans were formed granted by private financial institutions. Then there were bonds based on loans to citizens to buy car, loans based on credit cards, loans for commercial real estate, and finally based on loans of commercial and industrial corporations issued. Later, commercial banks were entered the market of securitized credit. Thus, the initial public offers of issued bonds based on bank loans were made in the spring of 1985. Newly issued bonds have maturities from 1 to 5 years, although these deadlines will be extended in the future. We are talking about redirection of bank to issue, purchase and transfer securities at the expense of traditional banking deposit and loan operations. Thus, it is merging and repackaging loans into securities. It is a way to improve balance sheet structure and establish an adequate relationship between revenues, costs and risks.<sup>360</sup>

The securities do not have any special value. However, bearing in mind the fact that right relating to issued securities cannot perform any transfer without valuable papers; in legal matters, it gets the value that has that right. Hence the name „valuable paper“, as Nada Vignjević-Djordjevic and Dr. Peter Bojovic state in their book.<sup>361</sup>

## SECURITIZATION TECHNOLOGY

While all functions regarding classic bank loans in relation to the concrete placement credit are performed by the bank that approved the loan, there are a number of financial institutions that participate in performing various functions in connection with specific business loan securitization regarding credit securitization. In this sense, the technology of credit securitization can be seen at certain stages, provided that various financial institutions can participate at each stage. These phases are following:

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<sup>359</sup> Ćirović M, Bankarski menadžment, Ekonomski institut, Beograd, 1995, pp. 189

<sup>360</sup> Hadžić M, Bankarstvo, Univerzitet Singidunum, Beograd 2009, pp. 34

<sup>361</sup> Vignjević-Đorđević N. & Bojović P., Javne finansije-pravo, institucije, sistemi, politike, Europress, Beograd 2009, pp. 327



- Initial phase
- Structuring,
- Credit enhancement,
- Circulation of securitized loan,
- Servicing.

In the *initial phase* bank approves the loan, as it is a classic bank loans. It means that the bank must have deposit or otherwise created potential. Bank still has to make a proper credit analysis to determine the creditworthiness of companies or households that receive loans. In order to be able to transform certain quantum of loans into bonds, it is necessary to provide the financial arrangement under which other financial institution agrees to issue bonds based on the pool of the group of lending banks. The banks that originally approved the loans remain in the game as loan servicers.

**Structuring** of newly issued bonds is a key part of the overall process of loan securitization. It is about developing new structural characteristics of bonds relative to the structural characteristics of loans, though these loans are the basis for the issuance of bonds. Meaning of the process of structuring is to transform risk and return in a manner that is consistent with the interests of investors. Thus, the maturities and other characteristics of the bond could be modified to suit the preferences of investors. The goal is to create such a structure of newly issued securities that will be tailored to the desires of investors, where you can produce a variety of combinations depending on the expected structure of investors.

**Credit enhancement** is a very important part of the process of securing loans. It is about improving the quality of loans in relation to the quality of basic assets on which it is based. The essence of credit enhancing is to include several financial institutions participating in the warranty process. In this way, the credit risk is significantly lowered, which is very important from the standpoint of investors and their willingness to buy bonds with minimal risk. Initial bank may or may not be included as a guarantor of loan payment.

*Circulation of securitized credit* consists of the primary sale of bonds issued based on coverage in the form of bank loans. In addition, there is the possibility of selling these bonds on the secondary market. The point is that the securities come to the assets of institutional investors, who are supposed to keep them a long time. However, institutional investors can, in accordance with their policy portfolio to sell these bonds prior to maturity periods. Therefore



developed security credit market demands financial intermediaries too that facilitate the circulation processes on the primary and secondary market of these bonds.

**Servicing** is related to servicing debts according to the initial bank loans, which are the basis for later issued bonds. Under current arrangements, those banks that have approved loans that were later entered the pools to be the basis of issued bonds perform servicing. If a consortium of banks creates the pool, each bank servicing loans that was approved by that same bank. This means that each bank as the initiator is responsible for payment of interest and equity loans, and to transfer these funds to the specialized financial institutions (the commissioner), which then continues to transfer this money to investors.

All of the above functions in connection with the securitization of credits be can carried out by various financial institutions, where there are various market opportunities of combining various types of financial institutions that may participate in each of these phases. For example, it can be assumed that in the initial phase commercial banks participate, although other financial institutions may transfer their loans into financial pools. In the second phase, which comes to structuring of newly issued bonds, an investment bank would fit perfectly. Namely, an investment bank is engaged in activities of the primary issue of securities and must be fully aware of market opportunities as well as structural characteristics of bonds that would be of interest to institutional investors. In the third phase, different types of financial institutions including insurance companies can participate. Circulation functions relating to securities usually are performed by broker/dealer firms that are specialized for trade in securities, but it is possible other financial institutions (e.g. banks) to do that. Finally, the primary servicing of bank loans remains on banks that are initiators of the whole deal.

Debtors of the initial bank loans often do not know that these loans are securitized, i.e. their actual creditors have become various institutional investors. In any case, the debtors on these loans pay their annuity liabilities to those banks that gave those loans.

## **BENEFITS OF SECURITIZATION**

*Securitization* is a financial innovation, banks off-balance sheet activity, used to convert bank assets (loans) into securities that are going to be resold on the financial market. Namely, the bank approves the loan, and on the other hand sells the securities that are used as a pledge for



approved loan. In this way, credit from the balance of bank is "removed" and unburdens the capital for new investments, i.e. reduces the risk of the total loan portfolio of the bank.<sup>362</sup>

Securitized credits market first began to develop in the U.S. in relation to mortgage housing loans. However, a new wave of securitized credits including commercial banks emerged in the eighties, and that can be associated with the financial situation in that country. Namely, during this period there was a strong process of financial restructuring of companies. Commercial banks have supported the processes of changing financial and ownership structure through a large amount of loans. This aggressive policy of bank loans was dictated by the fierce competition of financial institutions in the U.S. market, where it came to strong penetration of non-bank financial institutions (institutional investors). In this situation, the banks sought to sell a one part of its credit investments before maturity. These processes have been enhanced due to the increased rate of required capital for U.S. banks, which has led many banks in a position to have to reduce their assets or to raise capital. This is all acted in the direction of securing bank loans into newly issued bonds that were distributed through the capital market.

In the process of securitization of credits, bank can achieve the following advantages:

- Liquidity increase,
- Profitability increase,
- Credit risk reduction.

*Liquidity increase.* - One of the major benefits resulting from the credit securitization is increased liquidity. According to the traditional technology of lending, the bank creates a non-liquid assets held to maturity time. Earlier, banks in developed countries gave higher amounts of short-term commercial credits that were automatically executed after 90 days, but recently the structure of bank loans is moving to a substantially longer periods. For these loans with longer terms there is no secondary market in which banks could easily turn loans into cash.

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<sup>362</sup> Barjaktarović M. i Ćurčić U., Bankarski portfolio menadžment, Univerzitet Braća Karić, Fakultet za trgovinu i bankarstvo, Beograd 2008, pp.53



In general, we can say that in terms of developed financial markets with tough competition of financial institutions, as well as possibilities of direct connection with the final creditors and debtors, all types of financial institutions have an increased need to provide a high level of liquidity. They need that to facilitate change under the new market conditions and enter into profitable new arrangements when they appear on the market. For these reasons, banks in modern market structures gravitate toward, even more than before, to have liquid portfolios i.e. to give high priority to maintaining liquidity. Banks under the contemporary market conditions are not interested to keep in their assets approved loans by the end of their maturity but prefer to grant loans that can transform into bonds in the amount and timing when it suits them. In that sense, banks under modern market structures are increasingly insisting that the approved loans are so designed so there are greater possibilities to sell them, either directly or through bonds.<sup>363</sup>

*Profitability increase* – Credit securitization acts to increase the profitability of banks, primarily by reducing the required capital ratio in relation to total lending loans. Based on the regulations, each bank must keep a certain minimum rate of capital in relation to total interest-bearing assets. However, when the bank sell one-placed asset in the form of loans through a bond issuance, these loans are off-balance sheet structures of banks. Then bank is able to enter into new borrowing investments based on the same amount of capital with gained funds. This allows the bank to perform multiple discharging of its borrowing potential based on the same amount of capital. In this way, banks that are included in the mechanism of credit securitization are able to increase the rate of return on equity (ROE). Bearing in mind the operation of the above mentioned credit securitization mechanism; there is a differentiation between large and small banks. Specifically, big banks can take advantages of credit securitization and to effectively decrease the rate of required reserves to total courses of approving loans, with only one part of their loan remains in the bank balance sheet, while the second part is out of it. As for smaller banks, they are in totally different situation, so we can say those banks actually hold higher capital ratios in relation to the credits flow than is the case with big banks. *Credit risk reduction*. One of the advantages of securitized credit lies in the fact that market processes lead to enhancing credit quality, i.e. credit risk reduction. Several different types of financial institutions can participate in the "enhancing" of the credit. Rating agencies verify the level of credit risk of such series of bonds, which affects the absorption of securitized credit by institutional investors. Since those are high quality, marketable bonds, investors are willing to accept somewhat lower rate of return to compensate for increased liquidity and security of such bonds.

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<sup>363</sup> Op. cit. Ćirović M.



## PERSPECTIVE OF THE SECURITIZATION

From above mentioned we could say there are potential opportunities for significant development of securitized credits in a market-oriented banking systems. It is particularly important that the development of this new technology banking finance aim to provide increased liquidity and profitability of banking institutions. Assumption for the development of a securitized credit is the existence of a large and diversified financial structure where must be several types of financial institutions and particularly strong network of institutional investors who need to sell heavily into liquid and safe investments. The processes of financial innovations and banking marketing influence the creation of new bank financing mechanisms in the form of credit securitization. In such circumstances, the traditional concept of bank loans is becoming too tight and banks are opening new channels and financing mechanisms. Banks gravitate toward faster turnover of its assets based on the same amount of capital. Credit securitization first appeared in the U.S. and experienced the greatest growth there. In European countries, the processes of credit securitization are quite weaker, but the expansion of these new forms of bank financing in terms of increased competition on the financial market, as a matter of creating a single financial market in the European Union and especially if capital become less common factor is anticipated.

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## INNOVATIVE MANAGEMENT

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### **Abstract:**

*In the new economy, market rewards belong to companies that constantly innovate: creating new business models and products based on technological change, demographic conditions and consumer habits. New business models, as a rule, destroy the old, which means that the creation of new value represents a threat to the traditional, unimaginative way of business. Never before has life cycle strategies were shorter, and never before leadership within a particular industry is no less worthwhile. Let's call it the first law of the new economy: companies that do not innovate, will be destroyed because of innovations. Innovative strategies are the only way to comply with constant changes.*

### **Keywords:**

*innovations, innovative challenge, innovative climate, open innovation*

## CONCEPT OF INNOVATION

Innovations are one of the main sources that provide favorable business opportunities. In essence, innovations are a combination of ideas and information that bring positive change. Innovation is the introduction of new ideas, intentions or practices in order to be useful. Creativity and innovation in our language are often used interchangeably. Creativity leads to the creation of new ideas and innovation makes the idea practical and usable. Innovation, in fact, precedes the *invention*, which is an idea, a description or model for a new improved device, product, process or system. Therefore, first invention occurs, and potential innovation. Invention includes the creation of new ideas with the ultimate result of the vision of a new product, service or process. Invention is the result of the creative thinking of an individual or it is the result of the research efforts of the team. *Innovation* involves the commercialization of idea, its conversion into a specific product or service distributed on the market. *Diffusion* refers to the use of innovations from other participants in the market, which effectively ends the monopoly of exploitation by the innovators. It is not excluded that the diffusion process comes to a new improvement and increasing of innovativity. Under innovation, we mean above all, the introduction of new products or technological processes in



the economy. According to Schumpeter, the innovation is "*to do new things or do things that are already done in new ways.*"<sup>364</sup>

Schumpeter's definition of innovation is as follows:

- *Introduction of new products*, i.e. those products with which consumers have not been met yet, a new quality, design, and appearance;
- *Introduction of new methods of production*, i.e. those methods that have not yet been tested and for which there is no experience in the industry in which are introduced, and are based on scientific discoveries and are the result of intellectual labor and as such can be commercially exploited;
- *Opening of new markets*, such as those markets in which until now a certain industry has not operated, regardless of whether those markets previously existed or not. In other words, published for the first time in a particular market;
- *Gaining access to new sources of supply of raw materials* and in process materials, regardless of whether those sources and supply lines existed before or are now created and found;
- *Implementation of new organizations* such as making or breaking a monopoly position

While productivity and competitiveness are the factors that encourage high economic growth, innovations are drivers of the new economy. Innovation is, by itself, the function of three main factors:<sup>365</sup>

1. Creation of new knowledge in science, technology and management (basic in innovations);
2. Availability of highly educated, self-programmed work force, which can use new knowledge for the improvement of productivity (may be due to the quality and quantity of the education system);
3. The existence of the entrepreneurs able and willing to take the risk of transformation of innovation into business. This talent is in connection with

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<sup>364</sup> Schumpeter, J.A., „*Kapitalizam, socijalizam i demokracija*“, Globus, Zagreb, 1981

<sup>365</sup> Castells, M., *The Internet Galaxy*, Oxford University Press, Oxford, 2001. pp.103-104



the existence of entrepreneurial culture, but also with the opening of the institutions of society towards entrepreneurship.

*"Innovation and entrepreneurship are at the heart of national competitiveness."*<sup>366</sup>

Innovation includes the ability to look at the problem from different angles, with a strong desire to improve the quality of their own work. The most important are those employees who know how to translate their knowledge, skills and experience into creative solutions leading to successful business. The skills required of employees in modern and successful companies are, above all, the ability to apply knowledge, sense of organization, rationalization, coordination and cooperation, willingness to take responsibility and risk self-assessment skills, understanding of the environment, encouraging of open discussions...

## **CLASSIFICATION OF INNOVATION**

Innovation is a complex set of activities from conceptualization of new ideas about its implementation in practice. Economists and other researchers involved in innovation do not have unique criteria for its definition. The following division is often cited:

- *Incremental (gradual)* innovations. This type of innovation, which means a growth or progress, does not come by accident or inspiration of a creative individual. This innovation is the result of planned and organized streamed work. Incremental innovation can occur as the original, new, or improving existing products and processes. This type of innovation is found most often in the form of advice by engineers or other professional staff and is usually the result of the "learning by doing". No incremental innovation caused a revolutionary change; moreover, often these innovations remain unnoticed. Examples of such innovations include frozen foods, sports drinks, radial tires with steel belts, armored glass, and digital phones.

- *Radical innovation*. This type of innovation is usually the result of research and development activities. Event that causes discontinuity and change. Radical innovations are a springboard for growth in emerging markets and a strong incentive for innovation activities and are often related to the combined process of product innovation, process and organization. In the long run can cause dramatic effects, and major structural changes. Such innovations include electricity, telephone, transistor, desktop computers, fiber optics, artificial intelligence, and genetically designed drugs.

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<sup>366</sup> Porter, M., *The Competitive Advantage of Nations*, Mc-Graw Hill Irwin, Boston, 2005.



- *Changes in technological systems.* These changes are based on a combination of radical and incremental innovations, together with organizational and managerial innovations and occur in a number of companies. Examples of these changes are innovations in the field of synthetic materials, petrochemical, machine building and so on.

- *Changes in the techno-economic paradigm - the technological revolution.* Changes described as a technological revolution are far reaching and have an impact on the behavior of the entire national (global) economy. Changes of this kind are associated with many radical and incremental innovations. The most important characteristic of this type of change is that they occur throughout the economy, i.e. impact of these changes is felt directly or indirectly in any industry.<sup>367</sup>

In essence, all innovation can be divided to *technical* and *social* innovation. Technical innovation can be product innovation, services and processes, while social innovations include a market or marketing innovations, an institutional innovation and innovation related to the so-called, useful knowledge. Useful knowledge is related to innovations in governance. It is believed that Japanese companies have become very competitive thanks to management innovation.

## SOURCES OF INNOVATION

Entrepreneurs (and other employees) must learn to practice systematic innovations.<sup>368</sup> What are systematic innovations? Systematic innovation consists of the organized search for changes, so that in the systematic analysis the possibility of such changes can be accepted as economic or social innovation. These are mainly the changes that have already occurred or are about to happen. The vast majority of successful innovations use change. Therefore, it is not an invention - the discovery, but the exploitation of change.

Systematic innovation means monitoring seven sources of innovative capabilities. The first four sources are within the company, and they are:

1. Unexpected occurrence - an unexpected success, unexpected failure, unexpected external event,
2. Discrepancy between the reality as it currently is and reality as it could or should be,

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<sup>367</sup> Freeman, C., *Structural Crises of Adjustment, Business Cycles and Investment Behaviour*, Blackwell, Oxford, 1994.

<sup>368</sup> Draker, P., *Inovacije i preduzetništvo*, Privredni pregled, Beograd, 1996.



3. Innovation based on the need of a process,

4. Changes in the structure of the economy, sector or a market - that surprises anyone

The second group of sources of innovative capabilities includes changes outside of the company or outside of the economy, namely:

5. Demographic trends,

6. Changes in perception, mood and meaning,

7. New knowledge - scientific and unscientific

These sources are listed in this order for a reason. They are listed on the principle of decreasing the reliability and predictability. So, contrary to the belief of the majority, the new knowledge (especially science ones), aren't the most reliable source of successful innovations.

## MANAGING INNOVATIVE CHALLENGES

As in the case of changes, firms often resist innovations. Why the innovation is so difficult? One factor is the uncertainty of the final results. The next factor is that the process of innovation assumes little choice. These choices are the five dilemmas that companies need to resolve when they engage in innovation:<sup>369</sup>

- *Wheat and weeds*. Given that companies have a lot of innovative ideas, they have to decide which ideas have a chance to make the result of (*wheat*), and what are the ideas that should be rejected (*weeds*). It is therefore important that company has a mechanism by which can choose from genuine, innovative projects the crowd.

- *Experience or initiatives*. Companies need to decide who will be the leader of an innovative project. Senior managers, as a rule, are reluctant to take risks. Middle managers are more willing to risk. At the same time, companies must support and reward those who create ideas.

- *Involvement of internal staff or hiring external personnel*. Whether the companies decide to use their own human resources to innovative projects or they will engage people outside the company? Their own employees know the culture of the company. At the same time, it just may

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<sup>369</sup> Spring and Sharma, Central Dilemmas of Managing Innovation in Large Firms, California Management Review, 1999.



be the reason that they cannot think freely - outside of the organizational framework. Outsourcing requires time (in the sense of selection, training, etc.). It is therefore important that companies have procedures in selecting employees for innovative projects.

- *Creating capacity or cooperation.* Implementation of innovative projects often required new skills. The company may request assistance from other departments, which in turn opens the door to disputes over who contributed the most to the project or the distribution of profit. The creation of capabilities takes time, and it is irreplaceable resource. That is why companies need a mechanism that will help them to build relationships with external partners in the process of innovation.

- *Gradual launch of an innovation or an early launch of innovation.* The gradual launch is less risky because it requires fewer resources and serves as a market test, but also leaves the possibility for the reaction of the competition. It is therefore essential that companies have ready funds and management that allow the rapid launching of the projects.

## MANAGING VOLUME AND RATE OF INNOVATION

Resources available to companies are limited, and therefore are very important to define the scope of the efforts of innovative companies, the so-called "strategic layer" to prevent waste of resources in the direction of uncertain projects. "Strategic layer" define the scope of eligible projects. In other words, the "strategic layer" creates a certain view of the innovation of the company, which provides the manner in which the company, in terms of innovation, works. Although these restrictions may seem limited, they are useful because they are directing the firm towards innovative efforts and help to solve the first of the challenges posed by innovation - separate the wheat from the weeds. At the same time, defining of "strategic layer" of the company they define what kind of results are expected too. This practically means that companies must have answers to the following questions:

- How much will cost the innovative project?
- What is the probability that the innovation will get its realization on the market?
- How much value will be added to the company if the innovation is successful?

At the same time defining the scope of innovation, companies need to define the pace of innovation. Companies must know that not all innovations are suitable for rapid development. Creative aspects of innovation are difficult to timely determine. Companies that hasten their innovative efforts in order to enter the market before they are ready are causing long-term damage to their market potentials. Controlling the pace of innovation, companies can grow in the long-term framework.



## HOW TO CREATE AN INNOVATIVE CLIMATE?

Why do some companies not innovate? Which are the patterns that stifle innovation in the company? The most common reason is the success of the past, i.e. the models and patterns that have proved successful in the past. Successful companies often very difficult change their tried and tested forms. However, in today's economy product lifetime is shorter than ever before. High quality product and the right strategy used to maintain success of the company on the market whole generation. Today, Moore's Law (*the power and speed of computers doubles every 18 months*) setting out a framework of living cycle of the products and successful strategies. It is useless to sit and wait for inspiration. From where will the brilliant idea come? It is fatal mistake to be deceived by instantaneous success. Companies based on an idea cannot succeed. Insistence on the same (old) business model inevitably leads to disaster. Innovative environment is created if the company is ready to give up old ways of doing business, the old strategies, old habits and traditions. Achievements of the past reduced the power of the future adaptation of the company. Why? Because of the fact companies focuses on the already known things, instead of being open to new (unknown). There are three ways of encouraging innovation in the enterprise:<sup>370</sup>

1. *Keep in mind that innovations cannot be planned.* Innovative inspiration is not happening at the meetings of administrative committees. *Nokia's* idea of changeable masks for mobile phones has not been created in the office. This idea was born in California's beach, while employee from Nokia watched passers-by with sunglasses on skateboards wearing swimsuits. The perception: the cell phone as a fashion accessory. The rest is history. This idea has pushed *Nokia* to the very top of the list of successful companies of the world.

2. *Get rid of the "strategic monopoly."* Often, the organizational hierarchy is identified with the hierarchy of ideas. Creating innovative climate of ideas involves the release of all employees. It is necessary to facilitate communication between employees at each level, in order to be able to exchange ideas and discuss. However, it should be bear in mind that companies have been seeking success in accordance with the prevailing strategy. Problems often arise when a new idea does not have much in common with that strategy. How to "push through" such an idea? *Virgin Enterprises*, owned by Richard Branson, use this model. Each employee has Branson's phone number. Thus, new ideas come rapidly to the top. In this way, the *Virgin* entered into a new business - *Virgin Bride* - a boutique for wedding dress, when a flight attendant from *Virgin Airlines* complained about her problems.

3. *Institutionalize innovations.* Create a safe environment in which people are not afraid to express their ideas. Many companies are not even aware that they are stifling the creation of

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<sup>370</sup> [www.quantum21.net](http://www.quantum21.net) - Hammel, G., *Inovacije – put do nove vrednosti*



new ideas, and at the same notice that their ideas are missing. Such companies create an environment that does not encourage intellectual creation, does not endorse changes and requires integration into the existing frames. Other companies that have many ideas face a different challenge - the creation of a conceptual framework that will transform idea into action.

## **OPEN INNOVATION - IS THAT A BETTER WAY?**

Henry Chesbrough, a Harvard professor, introduced the concept of "open innovation".<sup>371</sup> The concept of open innovation is based on the importance of intellectual assets in the modern economy and using the strategy of the organization without boundaries to achieve strategic goals. Chesbrough believes that the model of open innovation will become extremely important in the future. The main reason for this is that development teams working many years in the old ways, which leads to innovation and industrial research less successful, although there are plenty of ideas. The old way of managing innovation does not bring results, because the speed of change today, puts the company claims to look beyond its borders and to exchange and share their intellectual property. Therefore, *the process of innovation itself needs innovation*.

The old approach, i.e. "closed innovation" is based on several assumptions:

1. Smart people in our field work for us.
2. You should control the development of intellectual property implemented by our smart people that competitors would not have benefited from our ideas.
3. To make a profit from research, development and innovation, we need only to discover, develop and invest in innovation.
4. If we are the first who discover it, we will be the first to enter the market.
5. If we are the first on the market, we are the winners.

On the contrary, the "open innovations" means the reliance on rival's knowledge and other partners. What does it mean? This means that the company needs to share its intellectual

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<sup>371</sup> Chesbrough, H., *Open innovation: The new imperative for creating and profiting from technology*, Harvard Business School Press, Boston, 2003.



property with others. Does that mean it is necessary to share the profit with other companies? The new approach, "open innovation", is based on the following assumptions:

1. Not all smart people work for us. Some smart people that we need work elsewhere.
2. We should be making profit when others use our intellectual property, if that advances business model of our innovation.
3. Internal research and development are not the only way to add the value; we can benefit from research and development carried out by other companies.
4. The project not originally comes from us so that we can benefit from it.
5. Improving business model of innovation is better than to enter the market first.

Chesbrough cites the example of IBM. IBM, which was an example of a closed approach to innovation, has transformed and crossed all borders. Today, the company shared its intellectual property with others. It remains to be seen whether other companies will accept open innovation, but it is very probable that all those companies that are willing to adopt this new approach will become the winners in the long run.

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## SOME ASPECTS OF THE LAW ENFORCEMENT OFFICERS

### LEGISLATIVE PROTECTION

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#### Abstract:

*Law enforcement officers penal-law protection, as a part of legislation protective function, has essential meaning. In all contemporary countries, police officers penal-law protection are carried out by issuing, pronouncing and executing criminal and infraction sentences to persons who are endangering life, physical and moral integrity of police officers, or obstructing them in the execution of security service, or committing all other criminal and infraction offences against police officers. Accordingly, there are some similar forms of police officers penal-law protection in several countries, but as the result of concrete social and legal-legislative system and tradition, there are some differences between them, too. Following those facts, author analyses forms of police members' criminal-law and penal-law protection, in legislation of Serbia and legislations of several foreign countries. Inadequate police officers legislative protection and permissiveness, rareness and inefficiency in assailants' penalization are general conclusion of this analysis.*

#### Key words:

*criminal law, law enforcement officer, murder, assault, infraction.*

#### INTRODUCTION

It is known that, among other diverse and numerous aspects of law enforcement (police) members' protection, legislative protection takes the most significant role. As they are authorized to use some administrative ability that has constraint nature, the efficiency of police work depends on police members' legal protection and safety. In this context, there is

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a reasonable necessity to ensure both appropriate legal protection for uniformed police officers and other police members, as well as concrete realization of those laws and regulations, due to duties and the legal power of the police. Legislative insurance of constable protection and his strict implementation is not important only for police officers themselves, but for the police as law enforcement service as well. Likewise, police officers penal-law protection has essential meaning in overall legislative protection. In all contemporary countries, as a part of legislation protective function, penal-law protection are carried out by issuing, pronouncing and executing criminal and infraction sentences to persons who are endangering life, physical and moral integrity of police officers, or obstructing them in the execution of their duty. Despite that fact, speaking about penal-law protection of constables in our country, there is a notion that laws and regulations on that matter are not the real problem, but policy and criminal prosecution. Finally, often and significant modifications of criminal offences and violations in Serbian criminal legislation guide us to conclusions about problems regarding penal and legal protection of police officers in past, and to a risk of appearances of those problems in the future. In this context, we want to point out that contemporary conditions demand a necessary analysis of some aspects of penal-law protection of police members-both theoretically (current and comparative) and practically. Namely, the fact is that only insight into normative protection of police officers and into results of inquiries on that matter in our country and foreign practice gives us probability to point out adequate suggestions for law and regulation alterations, and for undertaking some other measures in that area.

## **OFFICERS CRIMINAL-LAW PROTECTION**

The most important form of penal-law, and therefore, of legislative and every other protection of the police members are their criminal-law protection. All contemporary criminal legislations, including legislation of Serbia, know a number of criminal acts which, more or less (directly and indirectly), are providing this protection. Consequently, those articles which incriminates behavior directed on physical assaults, obstructions and restrain of police officers on duty, could be divided on: criminal offences, which directly protect physical and moral integrity of the constable, and their service as well, and on the criminal offences which objects of assault were any officials-including police officers as officials of internal affairs. The other group make the acts of disobedience to state apparatus decisions, by not acting according to the decisions and the orders given by them, in what way, in wider sense the officials in internal affairs as well as the service itself is endangered. Furthermore, there are criminal offences by which the police members are protected indirectly (for example, terrorism). In any case, the most important are those offences by which are given immediate criminal-law protection to police members on duty regarding to state and public protection, i.e. tasks regarding detection and capturing persons who



committed criminal offences, maintaining public order, and custody under imprisonment persons, for example a murder of police members, obstruction, and assault on police officer on duty and in liaison with that. Analysis of criminal-law protection of police officers-both in current and in the former criminal legislations, shows, that at the first place, in this area are immanent significant variety and non equalities. Consequently, it is very difficult and uncommon to make standards, and determinate current solutions of our lawmakers. It is natural that every police in a given social environment acts and determinates its actions itself. Furthermore, products of objective social determinants are not only the organization of the police its job and duties, and the risks of its profession, but legislative protection of police officers, as well. In that sense, physical and moral integrity of the police officers in several countries is protected by concrete incriminations influenced by numerous and various factors (for example, divers levels of economic development, degree of democracy and respect of human rights, different history, tradition and culture, etc.). That is why all attempts of simple mechanical transfer of concrete solutions of criminal-law protection from one society to another are unsuccessful beforehand. Likewise, this fact complicates furthermore the possibility of comparative understanding of this matter.

## **THE MURDER OF LOWE ENFORCEMENT OFFICERS ON DUTY**

Although mentioned circumstances prompt for extreme precaution in recapitulation of analysis results, certain conclusions are imposing. Primarily, the fact that police members physical integrity represents one of those values which are maximally protected by material criminal law articles. Murder, as capital form of assaults on police members on duty, exists in legislations of all contemporary countries as one of the hardest criminal offences for which are issued maximal sentences, regardless whether that legislation incriminates such murder as specific criminal offence of murdering (for example, Mongolian legislation), or like one form of first degree murder (for example, in Serbian criminal legislation). [1] Despite that fact, conducted discussions regarding too categories and extent of that sentence are in many countries, when, for example, rescission of death penalty is directly linked with increased number of murders of police officers doing their duty. Such example is Great Britain, where is significant demand of professional police associations to reestablish death penalty. Most frequently they point out a fact, that from the beginning of 20th century till the extinction of death penalty (1900-1965), approximately one police officer has been killed in Great Britain per year (65 altogether), and in next 3 decades (1965-1996) that number was doubled (59 altogether). Similar situation is reported in France where is immanent public demand to partial retention of death penalty, for murders of police officers at first place. Namely, till Badinter Law about rescission of death penalty was carried out at 1981, death penalty was most often pronounced for conceited murder of police officer. From the same reasons, the members of French Parliament hesitated for a long time to accept European Council Protocol



that banned any reconstitution of death penalty, which was signed by France in 1983. [2] Accordingly, in almost all contemporary countries, including former socialist East European countries and most developed countries of western democracy, most rigid sentences are issued for murders of police officers on duty. That fact do not provoke any contradictions from both, theorists and publicity. This is a case with both, legislations which separately incriminate assault on life of police members (Belarus, Mongolia, Slovenia, Croatia, Serbia, and many other), as well as in legislations where the life of the police officers is protected in a larger sense of official (Russian Federation, France, Monaco). In any case, for a person who has committed a conceited murder of police officer on duty, or in liaison with that, most rigid sentences is assigned. Thus, for example, murdering of constable in line of duty, or on liaison with that, in all current US criminal laws (Federal and State, both civil and military) represent criminal offence on which are pronounced most rigid issued sentences. In the United States criminal legislative exists other rigid incriminations, which purpose are also to ensure penal-law protection of police officers, but they are not controversial for both scientific theory and publicity. Such as, for example, resisting to the police officer, which is treated like violation, in order to obtain criminal prosecution optimal efficiency? Finally, when the protection of police members from any kind of violence or harassment in the United States is an issue, there is no doubt about the regularity of prosecution penal policy on those offences. The only fact that requires improvement on that issue is necessity to hasten execution of already adjudged death penalties to persons who killed police officers all over the United States. [3]

## **PROTECTION FROM Milder FORMS OF PHYSICAL OR VERBAL ASSAULT**

Protection of police officers from milder forms of physical and verbal assault (for example, assault, threaten by assault, violation, insult, etc) per adequate incriminations in foreign legislations, is not controversial in law doctrine and wide publicity as well. More important influence on this fact have a concrete law-technical solution of that question in particular legislation, i.e. it is irrelevant whether the police officers are directly protected from such assaults in some countries, or such protection is assured indirectly by providing conditions for realization of certain official operations in protection of public order. [4]

Otherwise, in legislations of most foreign countries the protection is provided indirectly, by endeavor to provide conditions for doing police tasks, or lawful acts of officials generally, and at the same time police officers who are directly executing those tasks, by concrete incriminations. This approach of lawmakers is not controversial in foreign law literature, too.



Namely, by simply setting up the adequate conditions for performing the police members professional tasks (for example, by incrimination of obstruction), the adequate protection for officials-police officers is provided, because those two matters are closely connected. At the other words, there is no insistence on those incriminations by which are physical and morale integrity of police officers are protected more then the authority of service they are doing. Despite those differences, criminal-law protection of officials obviously could be effectuated (relatively) successfully in framework of currently valid incriminations in Serbian legislation, eventually extended with severed sanctions. Accordingly, the problem is in obvious dissonance between normative condition of criminal legislative (in criminal-law protection of police officers area) and his practical usage. Namely, analysis of juridical practice show dissonance between issued and pronounced sanctions for those criminal offences, because there is noticeable mellow penal policy which results in inefficiency. Likewise, results of the empiric inquiries show that inadequate penal policy in criminal-law protection of police members is not only the result of attitude of criminal court regarding this problem, but the result of relation of public and state prosecutors -jurisdiction authorities, as a whole. Detected inadequacy of the penal-law protection is more significant for milder forms of endangering police members, i.e. for basic forms of obstruction and restrain, then for hardiest offences against officials: murder, attempt of murder and qualified forms of obstruction and restrain officials to do their duty. This condition is encouraging, especially if we consider social values which are protected by this incriminations (life, physical integrity and official service which are officiate).[5] Finally, it is evident that only small number of persons indicted for offences against physical and moral integrity of police officers were convicted. Analyzing cases convicted for such offences, we can see that in majority of cases probation has been pronounced, then numerous judicial admonitions/and that pronounced imprisonment sentences have been between distinct minimum. At the same time, in most cases public prosecutors does not appeal on that decisions. According to those facts, we must conclude that problem of criminal-law protection of police officers really is not only in regulations, but primarily in prosecuting policy. Regarding the fact that the speed of actions taken by the judicial authorities determinates the success of struggle against criminality, it is obvious that their inefficiency directly results in increasing of criminality.

## CONCLUSION

As the most general conclusion about criminal-law protection of police officers in current Serbian legislation and juridical practice, is imposing impression that police officers have a substantial protection in legislative sense, which could be improved by adequate legal-technical solutions. [6] Unlike, protection and safety of police members are not provided through policy of prosecution of persons who are resisting, insulting, assaulting or in any other way violating them in doing official tasks, except partly in case of inflicting injuries and other harder consequences. Accordingly, yet there is a need for proceedings that are



more efficient and for leading appropriate penal policy against persons who have committed criminal acts against police officers. Basically, penal-law protection is primarily and from the aspect of the society, the least controversial form of constable protection in the execution of his duty, therefore in many countries it has been followed by adequate prosecution policy (Austria, France, China, Greece...). Shortly, almost in all contemporary legislatures exist rigorous sanctions for various forms of resistance to the police acts, especially for physical assaults and murders of police officers in execution of their duty. On the other hand, in Yugoslav official reports insufficient penal-law protection in order to initiate provisions and additions to the current laws and regulations that should lead to better protection of police officers, is often emphasized. Those premises are implicitly sustained in Serbian legislative theory. Consideration of penal-law protection of police officers, especially comparative analysis of issued sanctions, show that in this case we can't accept premise of some theorists that, according to issued sanctions, our criminal legislation belong among most rigorous. Unlike, opinion that we have relatively mild penal policy is entirely acceptable. In that way, doubly wrong picture about us has been created: that we are over retributive abroad, and that we are unnecessary mild inside.[7]

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## LEGAL PROTECTION OF INDUSTRIAL DESIGN

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### **Abstract:**

*The right to protect own work i.e. design from copying or imitation by third parties obtained by the registration of design performed by holder of a right. Importance of industrial design as a business asset is reflected in the fact that it can increase the commercial value of the company and its products. In addition, the protected design may be licensed for a fee or sold, creating the possibility of winning a wide range of market. Registration of designs encourages fair competition and encourages the production of aesthetically attractive products. Given the importance of design as business asset, right on design as such protects it. However, numerous examples from practice suggest that this right is violated, and as such is received appropriate legal protection. During the work, author defines the notion of intellectual property, design, and points to all aspects of the design protection in the Republic of Serbia*

### **Keywords:**

*intellectual property, design, law, protection*

## INTELLECTUAL PROPERTY

### **The concept of intellectual property**

Usage of intellectual property in everyday life is so present that modern life would be unimaginable without it. These are such values that are protected not only from country to country but also abroad.<sup>374</sup> At the international level a series of documents aimed to set standards and develop comprehensive and effective protection of intellectual property were passed in the previous period. These standards were adopted by all modern states in their national legislation, more or less.

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<sup>374</sup> Jovašević A., Zaštita autorskog pravau novom zakonodavstvu Srbije, Pravna riječ, UDK 343.533.9(497.11), Banja Luka, 2010, pp. 339



The term of intellectual property is defined with the help of its two elements, and it is characterized by two elements, namely: non-material (spiritual, intellectual) character and economic function of providing that subject of protection to take material benefits from economic exploitation. Intellectual property is a community name for the following groups of goods or values: copyright and related rights and industrial property rights. Copyright and related rights are copyright, performers' rights, and the right of phonograms producers, producers of videograms, the right of producer of TV program, and the right of the database producer.<sup>375</sup> On the other hand, industrial property rights include:<sup>376</sup> patent law, trademark law, law and protection of geographical indications of origin, the right on patterns and models, the right to protection of integrated circuits topographies, the right to combating unfair competition and commercial secret (know-how). Intellectual property makes intellectual properties and they are the result of human activities in the arts, science, technology and economy.<sup>377</sup>

### **Development of intellectual property rights**

Intellectual property law, as a special branch of law, developed in the late 19<sup>th</sup> century. As a relatively new law, it records a great success in the period between two world wars, and the new forms of protection supplemented the development of information technology.<sup>378</sup> Area of intellectual property is one of the legal discipline in which Serbia has a very long tradition. In 1883, Serbia was among the 11 states-founders of the Paris Union for the Protection of Industrial Property. The first copyright law the Kingdom of Serbia passed in 1929, and a year later, Serbia signed and ratified the Berne Convention for the Protection of Literary and Artistic Works, which is the basis of copyright internationally. In our legal theory and practice of this discipline is often called „Intellectual property rights and copyright“. However, in international law and comparative law a generic term „intellectual property“ is increasingly accepted, due to many reasons, because intellectual property represents protection of property rights over spiritual creation and the rights of the creator, the author, to protect the results of its own intellectual creativity.

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<sup>375</sup> Zakon o autorskim i srodnim pravima ( Službeni glasnik Republike Srbije broj 104/2009).

<sup>376</sup> Ova prava su regulisana Zakonom o žigovima, Zakonom o zaštiti topografija integrisanih kola i Zakonom o pravnoj zaštiti industrijskog dizajna (Službeni glasnik RS broj 104/2009).

<sup>377</sup> Jovašević A., *Zaštita autorskog prava u novom zakonodavstvu Srbije*, op.cit., pp. 340.

<sup>378</sup> Drakulić M., *Osnovi poslovnog prava*, FON, Beograd, 2001.



Establishing the World Intellectual Property Organization by WIPO Convention concluded in 1967 in Stockholm, the main source of international industrial property rights and copyright was obtained. The Convention defines what constitutes the content of intellectual property rights, and it explicitly states: literary, artistic and scientific works, performances of the artists, phonograms and broadcasting programs, inventions in all fields of human activities; trademarks (brands, marks of origin), industrial design, whose legal protection is the subject of this document, protection from unfair competition; scientific discoveries and other rights arising from intellectual creation in the field of economy, science, literature, and art.

## **INDUSTRIAL DESIGN**

### **The concept and the right to protect industrial design**

Industrial design is a three-dimensional or two-dimensional appearance of the entire product, or part thereof, which is determined by its visual characteristics, in particular the lines, contours, colors, shape, texture and/or material from which the product is made or decorated with, and their combination. The product is an industrial or handcraft item, including, inter alia, parts intended to be assembled into a complex product, packaging, graphic symbols, and typographic characters, excluding computer programs. Complex product is a product that is made up of many parts that can be replaced, and which permit disassembly and reassembly of the product.<sup>379</sup>

The right to protect industrial design belongs to the author or his legal successor, i.e. the employer, as provided by law.<sup>380</sup> Foreign physical and legal persons in respect of design protection shall enjoy the same rights as domestic physical and legal persons, if it derives from international agreements or the principle of reciprocity. The existence of reciprocity proves a person who calls to reciprocity. The right to industrial design is acquired by registration in the Register of industrial design and last for 25 years from the date of applying, on condition that subject is paying the prescribed fee for the maintenance of that right.

### **The rights of design author**

The author of design has a moral and property rights. It is moral right of the design author to have his name mentioned in the application, documents and design certificate. Property right is the right of the author to enjoy economic benefits from exploiting of the protected design. If the

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<sup>379</sup> Zakon o pravnoj zaštiti industrijskog dizajna ( „Službeni glasnik RS“ broj 104/2009).

<sup>380</sup> Ibid.



designer is not the holder of the design right, shape of the economic benefits enjoyed by the author of the protected design of its utilization is determined by agreement between the holder of the design and by design author.

## LEGAL PROTECTION OF DESIGN

Legal protection of designs is achieved through civil law, criminal and administrative justice.

### Civil protection of design

In the case of infringement of the right on industrial design or right from the application, the plaintiff may, before the competent court, to require the following:<sup>381</sup> establishing of a violation of the law; termination of infringement; destruction or alteration of the subject where the infringement on rights is established, destroying of tools and equipment used for producing goods used for the infringement of rights, if it is necessary to protect the rights; compensation for material damages and reasonable costs of proceedings; compensation for moral injury for author; publication of the court judgment at the expense of the defendant; providing information on any third parties who participated in the infringement of rights. In addition, a person who infringes the right to industrial design will be responsible for damages under the general rules of indemnity. The prosecutor may, if the violation of the design was intentional, by the defendant, instead of compensation for material damages, to claim compensation up to three times the usual license fee that would have receive for the use of design.

### Criminal and legal protection of design

Criminal Code of the Republic of Serbia<sup>382</sup> shall determine the basis for quality and effective legal protection of copyright and related rights in the scope of intellectual property rights. Thus, the Criminal Code of the Republic of Serbia provides a special chapter entitled "*Crimes against intellectual property*". Within chapter 20 of the mentioned law acts that violate or infringe intellectual property as a whole or its individual rights, among which is the unauthorized usage of design were systematized.<sup>383</sup> Criminal act of unauthorized use of design consists in the unauthorized usage in whole or in part of another's registered i.e. copyrighted product design to their product in the trade. In case of this criminal act, criminal code as an object of protection describe someone else's registered design or registered products, which means that a person

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<sup>381</sup> Ibid.

<sup>382</sup> Krivični zakonik- KZ RS („ Službeni glasnik RS“, broj 85/2005, 88/2005, 107/2005, 72/2009 i 111/2009).

<sup>383</sup> Krivični zakonik RS, član 202.



who illegally use someone else's registered or protected product design performs this crime, which carries a fine or imprisonment up to three years.

The act of committing this criminal act consists of the unauthorized use of product design in whole or in part on their product. It is a false labeling of products using another's trademark and design misleading consumers about the type and quality of certain products.<sup>384</sup>

In order that criminal act of unauthorized use of design exist, it is important to establish three elements: to take unauthorized action of execution, in contravention of existing regulations<sup>385</sup> and without the that is registered or protected by the competent state authority - Institute for Intellectual Property; to take action in relation to products that are into circulation. Any person can do this, and in respect of guilt, the premeditation is required, which includes awareness of unauthorized actions.<sup>386</sup>

### **Administrative legal protection**

Administrative legal protection is provided based on the provisions of article 12 of the Law on Legal Protection of Industrial Designs ("Official Gazette of RS", No. 104/2009), in proceedings before the competent administrative authority.

### **RESUME**

Protection of intellectual property rights in general and especially of industrial design, is a current issue, at the global, international, and local level. Internationally community, through relevant international instruments, establishes standards of protection of such rights and thus provides guidance for improving their protection at the national level. Following guidelines of the international community, the domestic law is reformed in order to achieve effective judicial and legal protection of citizens, according to which the holder of rights receives compensation for damage resulting from a violation of law and effective criminal-law protection, which is of special importance in the protection of industrial designs. Legal protection has a particularly important role in the protection of intellectual property rights, and by its nature is the most effective form of protection. Fear of criminal prosecution and punishment following the effective completion of the investigation and prosecution, as well as fears of a possible seizure

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<sup>384</sup> Jovašević D., *Krivično pravo, Posebni deo, Nomos*, Beograd, 2010., pp. 92.

<sup>385</sup> *Zakon o pravnoj zaštiti industrijskog dizajna* („Službeni glasnik RS“, broj 104/2009).

<sup>386</sup> Jovašević D., *Krivično pravo.*, op.cit., pp. 92.



of objects of criminal acts and the means of execution, has preventive role deterring potential perpetrators of a crime.

The legislator in the Republic of Serbia, prescribing crimes against intellectual property, wanted to set up new bases in the system of criminal and legal protection of intellectual property, and thus the design. In this way, protection of designs obtains its criminal protection.

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## MANAGERIAL ROLE IN FINANCE AND RISK MANAGEMENT

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### **Abstract:**

*Managerial role in finance and risk management in the conditions of market economy is dominant in the monitoring and implementation of other company functions. Financial flows are followed by all other activities, whose success or failure, directly influence the finance, but financials and risk management has excellent and often decisive role in achieving the mission and vision of the enterprise as a key strategic development objective.*

### **Keywords:**

*finance, financial risk management, diversification of investments, control, derivative securities*

## INTRODUCTION

A managerial role in finance in any enterprise is an indispensable link in the realization of its mission and vision. The mission is the expression of business orientation and markets towards this orientation, a method of targeting businesses, and the way of communicating with customers, with an emphasis on skills that will be important for achieving competitive advantage. Vision, as used interchangeably synonymous with the mission, the practice is different from the mission because the mission of what the company does, and vision is what the company could be successful if it achieves its mission.<sup>387</sup>

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<sup>387</sup> Dževad Šehić „Strateški menadžment“, Sarajevo 2002.



This time we will only emphasize that mission and vision of the determinants are of exceptional importance for strategic management, which in its activities in this direction largely relies on a management role in finance, without which quality of functioning is impossible to conceive functioning of a business entity, especially the manufacturing enterprise. Therefore, the strategic role of finance and risk management is highly important for the company, and the ability to use available, especially discovering of new sources of financing and investment and asset management wisely, is actually a basic condition and the pledge of vitality, success, and company growth.

## **FINANCIAL MANAGEMENT**

Financial Management is a term used to indicate the integrated managerial approach of managing cash activities i.e. companies financial assets. It involves the collection of its own and other's sources of funds, debt collection policy, control of cash flows, profit sharing criteria, the selection of investment opportunities, and others. Financial management involves planning the future of business enterprise in order to ensure a positive cash flow. It includes administration and maintenance funds. In addition, financial management includes the process of identifying and managing risks. The primary concern of financial management is an estimate not a financial quantification technique. The financial manager use available data to assess the performance of an enterprise. Financial management is an interdisciplinary approach that takes in managerial accounting and corporate finances. Some experts refer to the financial management as a science of managing money. However, financial management is important at all levels of human activity. From the organizational point of view, the process of financial management is related to financial planning and financial control. Financial planning seeks to quantify the diversity of available financial resources and to plan the size and time of expenditures. Financial control refers to monitoring cash flow. The inflow is the amount of money that comes in a particular company, while an outflow relates to expenses incurred by the company. Managing this movement of funds in relation to the budget is essential for the job. Financial management in all its elements involves decision-making. Financial decisions precede each fiscal activities carried out by the company, brought by financial managers based on numerous external and internal information. Financial managers are designed to improve the level of resources available to them. In addition, they control the use of money invested by foreign investors. Manager at a certain position in the company receive orders from superiors, but the same orders as necessary transfers to lower levels, so that is both superior and subordinate. The mere ability to recognize the appropriate role that should be played and willingness to change roles is one of the signs of a successful manager.

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Activity of financial management of the company should be directed towards harmonization of the financial affairs of enterprises (needs, principles, and requirements) and financial and capital markets. At the firm level basic decisions about the transaction of real assets or investments are made, and liquidity or income, and allocation of cash, while at the level of capital markets the biggest problem is the evaluation and commercialization of activities. However, if a company as a joint stock company is aimed at maximizing shareholders' funds, then the firm must maximize its market value. Market value depends on the current yields and the current value of the expected yields in the future, which, in turn, depend on, among other things, the following factors: interest rates and risk of future returns. Financial theory explains that by correlation between the financial structure of stock companies and the market value, which means there is a financial structure in which the value of the company is highest.

In the present business conditions, financial management is very important because it constantly and simultaneously provides the answer to important questions:

- What means the company has,
- How company forms them and how reaches them,
- What is the level of company's funds, what their structure is, and what is the way of financing these funds

The task of the financial management is reflected in the coordination of company's financial operations, liquidity, and investment, then the allocation of cash, transaction of real assets and capital market (valuation of companies and commercialization of stocks). If the company as a limited company aims to maximize shareholders' funds, then the company has to maximize its market value. It is very important to connect profits, risks and time in the implementation of financial management, particularly in:

- Financing companies in various stages of operation;
- Achieving optimal capital structure of firms;
- Valuation of companies;
- Dividends and share prices and yields;
- Cash flow and liquidity
- Financial planning



Financial management must know the full range of financial instruments to finance the new private, public, and mixed enterprises, such as capital investment (permanent grants), grants, loans, development funds, risk capital, leasing, joint ventures, and actions, which would be increase its assets based on risk and profit. Financial management must be familiar with the internal (accounting, investment) and external financial conditions. Decisions of financial management are associated with large uncertainties (risk), because of which is extremely important in financial management to relate yields (profit), time (long, medium, and short term) and uncertainty (risk). Financial management is a broad area, so we only point to some areas that might be of interest especially for companies in the process of restructuring and testing of new strategic business decisions.

Important areas of financial management are:

- Financing company in stages of establishment, development and disappearing (the problems of financing enterprises in different phases of life, new sources of finance, new financial innovations, etc.);
- Optimal capital structure of the company (investment/financial alternatives ratio, optimization of assets, shareholders, the impact of investment opportunities in borrowing, etc.);
- Valuation of the company (general principles of evaluation, different evaluation methods, for example, accounting value, estimated value of the combined method of high value, etc.)
- Dividend policy (the impact of dividend policy on share price and yield, capital markets and the impact on the value of shares, dividend policy, and investment;
- Short-term policy of cash flows and liquidity (demand for money, short-term planning of the finance in the company, etc.);

Financial managers need to have a general knowledge of the organization, operation of companies, business communication and the like. Financial management is, therefore, the main lever of financial management of companies and refers to managing financial policy, financial planning, financial organization, financial records, financial analysis, financial control, and financial information of the company. These elements of financial management must work uniquely; otherwise, there is a disorder of financial trends and problems in achieving financial management.



## FINANCIAL RISK MANAGEMENT IN ENTERPRISES

When it comes to managing financial risks, we will pay special attention to risk management that forecasting and planning brings. In fact, this is starting function of managing small and medium, and large enterprises. It is based on identifying of the preconditions for the realization of these goals, and the choice of methods and techniques for their achievement. In the scope of forecasting and planning, financial manager must work with managers of other business areas, since it must view and set future plans that will affect future operations and position of the company within the industry and the economy as a whole. With the current policy, management performs (earlier) planned development policy.

In addition, it exploits the existing factors of success of enterprises and creates results for current usages (dividends for owners and funding for enterprise development). With developmental and basic policies, management plans new combinations of the success factors of enterprises ("success formula") for the next period. This means that, starting from the achievements of the current policy, management plans policy (goals) development and strategies for their achievement and selects the new programs (analyzing the gap between the potential and limits of enterprise development), and planned development of the company (assets, plans to introduce new programs). Since the current policy is the basis for development policy and development policy is the framework for the current policy, between them there should be an organic connection, because it runs from today's to tomorrow's successfulness of company.<sup>388</sup> When planning in the essence of this task are investments, or investment proposals, which inevitably follow the dilemma of whether to measure the risk in order to accept or reject the investment proposal. Bringing investment and financial decisions based on long-term plans, financial management must provide the capital needed to support the growth of the company. Successful companies typically achieve high growth rates of sales that require investment in machinery and equipment. The financial manager must participate in determining the optimal rate of sales growth in the ranking of alternative projects that are at company's disposal. In addition, the financial manager has to help in deciding on investments to be undertaken, and the alternative sources and forms of funding for these investments. Therefore, the role of financial management is of great importance when investing, because "investors rarely invest its entire fortune in a single property or investment... When it comes to several investment projects, we can carry out their combined risk... Please note that the combination of projects is the way to reduce risk and it is known as diversification. Diversification of investment should enable company to combine an efficient portfolio of assets - capital that is expected to produce a "high rate of return given the level of risk, that risk is reduced to a

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<sup>388</sup> M. Tavčar, *Strateški menadžment*, Univerza v Mariboru, Maribor-Koper, 2002 godina, str. 339



minimum with a given rate of return.”<sup>389</sup> Therefore, the company is protected from potential crisis with the diversification of its activities, programs, and products. In this way, it performs risk dispersion - becoming less likely that risks will hit all the activities simultaneously. In addition, the company is protected from potential crises and risk control, which seeks to master (in) secure position of enterprises in the economy and society and provide enterprise level security (which is less deviation from the set goals) necessary for survival and development. Risk management<sup>390</sup> use techniques of pure risk insurance - on which the company cannot influence, and entrepreneurial strategies for entrepreneurial (business) risks over time, and does not guarantee that they will hit the company, although it counts as the possibility of their occurrence.

One of the necessary financial management activities of control is performed through the comparison of planned and achieved results in the business process. Pointing to the positive and negative deviations from the planned control, in fact, both control and achievement levels of risk and serves to perform timely certain preventive rethinking. Control is inevitable companion of productive managerial action, because the financial indicators are “relentless” in describing the situation. Management that regularly checks the policies, with appropriate control, will hardly miss signs (signals) that indicate the occurrence of major crisis of a particular program, individual functions, or the company as a whole. Integrity of basic, development, and current policy does not include only connection current with the next period of business, but link its activities. Occasional company restructuring, that represents the reaction of management on declining performance and a measure to prevent a possible crisis, is more successful if it includes all important aspects of enterprise operation, than if it is confined to the financial (or any other) aspect. Therefore, in order to reduce risks to the smallest possible measure, financial managers must work with managers in other areas of activity of the company, because all business decisions have financial implications - which all managers must take into account. In this sense, financial management must control the financial effects of the set goals, and perform corrections of its financial activities. Each company has a certain effect on the financial markets, but financial markets affect it too. This occurs through the borrowing of funds, securities trading company, trading in securities of third companies or, for example, interest payments to those who have invested in securities of company. Interactions of the company with money market are far more frequent, especially with commercial banks. All these markets are closely linked, so financial managers must understand the functioning of money markets and capital.

In developed financial and business management systems, a set of different financial instruments that are being implemented through various techniques and methods of risk

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<sup>389</sup> Slobodan Milovanović i Marko Carić, “*Finansijski menadžment*”, Drugo dopunjeno izdanje Novi Sad 2007, str. 256

<sup>390</sup> M. Tavčar, *Strateški menadžment*, Univerza v Mariboru, Maribor-Koper, 2002, strana 364.



management is available. Risks to which a particular company is exposed depends on many factors, such as type of business which the company does, the manner of conducting business, micro and macro environment, and the like. An important factor of responsibility for risks and opportunities to take action to manage risk and firm size, which, in situations where companies are financially stable and more, provides a broad range of possible courses of action. Wider understanding of financial risk includes, for example, the risk of drawing money from the company, the risk of adverse intercompany loans, refinancing risk, the risk of the price change (market risk) and the like. Financial risks in the narrow sense are liquidity risk, currency risk, and interest rate risk. Risk management is now an essential part of business processes and forms a part of the administration. The process of risk management in the enterprise is in the function of increasing company value. It consists of clearly defined steps which, when applied in the correct order, provide better support to decision-making, contributing to better understanding of the risks, and their potential consequences. Risk management deals with identifying the opportunities and possibilities of the company, avoiding the threats that come from company environment and that may adversely affect the financial position of the company. The volume and number of economic and other threats and hazards that threaten the operation and development of enterprises depends on the activities of companies, technologies and techniques that it uses, characteristics of the market where it operates, the political situation at home and abroad, business locations, knowledge and skills of employees, management attitude (and owner of the company) to risk and so on. Development of financial systems and the emergence of various risks in business have led to the gradual emergence of various forms of derivative securities, such as futures, forward contracts, swaps, options, warrants, and more. The development of derivative securities had an important role factors such as volatility of prices of goods and services, interest rates and exchange of resources, inflation, restrictions on interest rates, technological advances, etc. Markets for derivative securities allow investors to, at a certain price (the premium), to avoid risk in a way that transferred it to the entity that it is willing to bear. Banks, insurance companies and other financial institutions are risk-professional and have great significance in the financial market. In accordance with changes in economics and finance, have developed various forms of derivative securities by which the risks are transferred to the other side. This allows the investor, who is vulnerable to risk, to minimize its exposure and transfer risk to another party who is willing to undertake it, and all the consequences that accompany such decision. Today it is impossible to imagine developed economy without securities, cash, foreign exchange, and even more important and significant financial derivatives. As every business entity wants to reduce the uncertainty of their business and make possible a higher gain, the use of derivatives in the practice is growing; new derivative financial instruments and new ways of using old derivatives are developing.



## RESUME

Managerial role in finance is a strong support of operation and development of each company. Without financial functions it is not possible to even discuss be neither on implementation of all other functions in the company that are achieved to meet the specific needs of people and social needs. According to the authors of this paper, the central issue, but also a persistent problem mastered in continuity, is risk management in finance. As in the previous presentations can be seen, these risks "are lurking on every corner," so the financial management is the first to prevent and cope with risks maximally. This is not an easy job and task, it assumes a maximum accuracy of accounting - information function, and knowledge of investment, and external financial conditions are based on continuous control and checking of all processes and flows in which plans of companies are realized. Since in this study we indicated that the risks are dependent on a number of specific factors, they could never be eliminated. As the risk is present, a challenge to move in a particular activity and the activity is also present, so the relationship to risk assessment is manifested based on the appraisal what you can lose and how much you can gain. In this financial management through the management of financial flows and processes have at its disposal a number of mechanisms to reduce financial and other risks i.e. risk management, but they never can be eliminated. According to the authors of this paper, this fact has its development function.

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## THE ENERGY SECTOR OF BOSNIA AND HERZEGOVINA AS A VITAL COMPONENT OF DEVELOPMENT

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### **Abstract:**

*According to the level of importance, energy production is being placed in a group of important line of business activities alongside with the food production, production of raw materials, availability of sufficient drinking water quantities, etc. Today's society energy dependence is being most likely shown in periodical distribution disorders because it leads to production discontinuation and great material losses accordingly, the market distribution of goods would not be possible, and emerging crisis events solving could be complex and insecure. Complexity of the energy sector development cannot be studied out of the context of social-economic system development of any country, not even out of context of international political and economic relations. That is why goals of the energy sector development cannot be autonomous and they have to be derivate from economic development policy goals. Energy sector of Bosnia and Herzegovina is being considered as the largest development potential on a long run basis, but insufficiency of comprehensive national strategy, investment plan, and transparent selection procedures of investors are representing obstacles to more significant energy sector investments.*

### **Keywords:**

*Energy, energy sector development, investments, environment protection, renewable energy sources*

## **INTRODUCTION**

The problem of providing sufficient energy in the present conditions of life and work is more obvious, so energy forecasts have to be planned for many years in advance. Energy systems are quite slow and all changes are being implemented slowly, requiring a lot of resources and time. Basically there are two basic facts on why there should be a higher level of energy consumption in the future and the first is that a large part of humanity lives above the required minimum so the energy is necessary to improve living conditions, and the second is that population of Earth increases, so for their existence it is necessary to ensure a certain amount of energy. Knowing the nature of the man, with knowledge of different social systems and the apparent differences in the degree of development it is difficult to assume that developed society is going to reduce their own consumption and give up their welfare for the poor. If they did that, then that will be



only because they saw their economic and political interest. On the other hand, a large proportion of the population on Earth lives miserable and tries to fix its poor position, and any improvement of financial status and standards requires additional energy consumption, which implies that there is no alternative to growing needs for energy, but the question is how to provide it. The dependence of modern life the energy is best confirmed by occasional disturbances in its distribution and delivery, because they are cause of delays in production and consequently the impossibility to deliver goods to market, but also the appearance of crisis whose resolution is extremely complex and uncertain. The construction of energy facilities requires large investments, so these objects are among the most intense economic capital structures with long lifetime. It involves the engaging significant social resources of social accumulation, primarily because society has an interest to ensure the operation of energy facilities to consider the needs of electricity consumers and the financial ability of the society. The growth capacity of the energy system is complex, it is associated with the development of the economy, and cannot be considered separately from economic and social trends of the state.

## **ENERGY AS A FACTOR OF ECONOMY DEVELOPMENT**

Energy supply is a prerequisite for economic development and standards of living, and bearing in mind how energy development affects many industries, we can say that the development of energy is inevitably associated with the development of the economy. If energy development does not follow the pace of economic development, then it becomes a limiting factor in a number of economic activities, as failure to provide sufficient energy is the cause to major disruptions in production, which in turn implies substantial losses. According to the importance, energy production is placed in a group of important activities of any society, such as food production, raw materials, providing the necessary quantity of drinking water. Multiple correlation of energy sector with economic development and living conditions can indicate the expressed interest of the state in the energy sector. Virtually every country implemented national policies to some extent to develop the energy sector and to provide the necessary amounts of energy with the smallest direct and indirect costs, as it is possible. It is necessary to provide the environment for optimal satisfaction of requirements using state energy policy and its instruments. Energy has received a global scale, much more than other activities, especially during the last two decades, and this fact must respect each energy strategy. Providing energy in efficient way is a multidimensional problem, and includes:<sup>391</sup>

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<sup>391</sup> Udovičić, B.: "*Energija – podloga svakom razvitku*", Zbornik radova sa naučnog skupa, Zagreb, 2000, str. 229.



- Defining of the necessary amounts of energy in terms of objective possibilities and conditions of the country's development, and aggregate energy efficiency;
- Technical, technological, and environmental aspects of production, conversion, transportation and energy consumption; determining of the socially and economically acceptable level of prices, safety and continuity of energy supply

Approach to the problem of supplying consumers with sufficient quantities and types of energy is specific to each country and depends on many factors, but is fundamentally different when it comes to long-term projects for developing countries must reckon with at least double growth rate compared with developed countries, if they want to achieve at least an approximate economic equality. All this shows that energy development goals cannot be autonomous, but they must derive from the overall development objectives of economic policy. The main objectives of energy policy development can be classified as follows:

- Provision of sufficient energy that can meet consumer needs;
- Harmonization of energy development with the development of other industries;
- Improving the overall economic development;
- Introduction of new technologies for energy conservation;
- Minimization of costs through technological ages

## **ENERGY MARKET**

The conventional definition of market as supply and demand establishes the market as an institution that is a general, which establishes the quantitative and qualitative balance. The market has its protectors and theoreticians, but there are also opponents who have been challenging it in the context of market imperfections mechanism and a high degree of manipulation of market relation. In considering the future development of the energy sector and relations, question of the energy market and its regulatory reach in providing solutions to all problems rise. Realistic and critical attitude towards the market will help taking advantages of its positive aspects and eliminating the negative effects. Energy sources are scarce and quite unevenly distributed, and this sector is characterized by the fact that from the supplier's side a



small number of suppliers of natural forms of energy appears, which are usually monopolist (suppliers of natural gas are the best example).

What is common nowadays in the opinions and projections of developed countries is opening the markets, introducing competition, providing consumer choice, increase efficiency, and reduced costs, all resulting from the minimum common commitment to the energy market in the European Union. It also results in a clearer definition of quality of energy and building systems to protect the interests of consumers. Prices of certain energy forms and their relations are one of the most important elements of the energy policy, because the prices can be achieved, but it is also possible to miss the point, which is designed by development strategy. To avoid that, the emphasis is given to the establishment of the system of prices. Such system of prices is the result of several components:

- Historical position of individual energy form,
- Availability of particular energy form and availability influence on the cost,
- Technical, technological, and commercial suitability energy forms,
- Areas of use,
- Ecological point of use

Relation of prices between different forms of energy should be adequate to reflect the value of all goods consumption. This implies that differences in the rates of all forms of energy derive from a different expenditure of capital and labor in the production of particular forms of energy.

## **CHARACTERISTICS OF BOSNIA & HERZEGOVINA ENERGY SECTOR**

The energy sector in Bosnia and Herzegovina is considering biggest long-term development potential. Bosnia and Herzegovina is rich in natural water resources and is the only net exporter of electricity in the Western Balkans. In 2009, the export/import ratio of electricity in Bosnia and Herzegovina was +2,991 GWh1, compared with Croatia -5663, -1293 with Montenegro, -1316 with Serbia, -1539 with Macedonia, and -13,932 with Albania. Main energy sources in Bosnia and Herzegovina are hydro power plants that provide 62% of total consumption of the primary energy. Hydro potential in the country is estimated at 8,000 MW with the technically feasible potential of 6,800 MW and economically feasible potential of 5,800 MW. The production capacity of currently existing power plants is 2,100 MW, which is 53% of the total energy produced and only 37% of the total economically feasible potential. With an annual



hydro-energy, potential of 99.256 GWh, Bosnia and Herzegovina is at 8<sup>th</sup> place in Europe.<sup>392</sup> Significant natural resources in Bosnia and Herzegovina are coal, lignite, and peat, whose reserves are estimated at over 6 billion tons. Currently, there are four power plants with 1,745 MW installed capacity.<sup>393</sup> Bosnia and Herzegovina has a great potential in renewable energy (*green energy*) such as wind, solar, biomass and geothermal energy. Their coefficient of utilization is 30% higher than the EU average and the highest in the Balkans (REEEP, 2007). This is especially true for wind energy potential, which is estimated at 600 MW, solar energy with an estimate of 67.2 PWH, and biomass, taking into account the rich forest resources. The potential for developing renewable energy sector in Bosnia and Herzegovina does not end with specified indicators. This sector has the potential to provide the basis for the development of the country for the future generations because of the long-term strategic development in the EU, the interest of foreign investors, a positive impact on other sectors such as, tourism, environmental protection, improvements in agriculture and energy efficiency (especially households heating), employment opportunities, providing new technologies, innovative small enterprises, and cooperation between the private and public sectors. Bosnia and Herzegovina all natural gas imports from Russia. Although there is limited local capacity to produce oil, the market is almost 100% depended on imports from Croatia, Serbia, Montenegro, and Hungary. Gas system in Bosnia and Herzegovina includes 191 km of main gas pipeline with a capacity of about 1 billion cubic meters. However, long-term gas needs in Bosnia and Herzegovina are estimated at 3 billion cubic meters, which means that there is great potential for development and construction of distribution pipelines. In addition, domestic oil reserves do not exceed the level of supplies needed for 90 days. Analysis of the energy consumption structure by fuel type shows that on carbon (black coal and lignite) goes 45.3%, petroleum 21%, 20.5% of firewood, while the other energy waste 13.1% of total energy consumption. Households are the biggest consumers of energy with about 52%, industry and transport about 20%, while services and agriculture individually spend 6% and 2%. The main source of energy for households is firewood with 57%, electricity with 18.7%, and coal by 10%. Electricity as an energy source in the industry is present with 42%, petroleum 22%, coal 16%, and 15% natural gas. The transport sector mainly uses diesel fuel with 57.8% while 40.4% of gasoline is used. In the services sector 64% of energy consumption goes to electricity and in agriculture is most widely used diesel fuel with 88%.<sup>394</sup> According to research by International Center for emissions, SO<sub>2</sub> emissions in 2007 in Bosnia and Herzegovina were 427kt. International Energy Agency (IEA) estimated that the CO<sub>2</sub> emissions amounted to 16.3Mt. The energy sector is emitted 52%, construction and agriculture 16%, transportation 14%, industry 13%, and 5% households.<sup>395</sup> These results indicate that from 1995 emissions has tripled. 21% increase occurred in the period 2000 - 2004

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<sup>392</sup> *Izveštaj o politikama energetskeg sektora BiH*, Centar za politike i upravljanje (CPU), Sarajevo, 2010, str. 4.

<sup>393</sup> Svjetska banka: *Energetska studija za BiH*, Ministarstvo vanjske trgovine i ekonomskih odnosa, Sarajevo, 2008, str. 11.

<sup>394</sup> *Izveštaj o politikama energetskeg sektora BiH*, Centar za politike i upravljanje (CPU), Sarajevo, 2010.

<sup>395</sup> Svjetska banka: *Energetska studija za BiH*, Ministarstvo vanjske trgovine i ekonomskih odnosa, Sarajevo, 2008, str.12



when the economy began to recover. Coal is a leading source of emissions with 75%, followed by petroleum products with 21%, and natural gas by 4%. Coal has negative effects on the environment and as a result, EU has adopted numerous regulations for better regulation B&H is trying to adopt and implement key provisions, in particular the EU Directive on large combustion plants until 2017, which is binding for the major emitters including power plants using lignite. B&H is also in the phase of developing regulations in the sphere of impact assessment (EIA) in order to meet EU standards. In addition, B&H has signed but not ratified the Protocol on further reduction of sulfur emissions and Convention on Long-Range Transboundary Air Pollution (CLRTAP). In 2000, government ratified the UN Framework Convention on Climate Change (UNFCCC) in April 2007, Kyoto Protocol.<sup>396</sup> At the state level, there is no comprehensive energy strategy that could be used as a framework for analysis of energy policy. Responsibility for policy development in the energy sector of Bosnia and Herzegovina is vaguely defined. As a result, systems and procedures for designing and implementing solutions are inefficient. In addition, coordination at the state level and alignment of donor funding is inadequate. The problem is further exacerbated by inefficient institutions, lack of independent expert analysis, poor exchange of views between stakeholders, lack of clear ownership of the project which leads to overlapping responsibilities, outdated legal provisions, the lack of comprehensive data base, poor coordination between the Directorate for Economic Planning, Ministry of Foreign Trade and Economic Relations, and the Entity ministries, weak inter-sectoral coordination and inadequate analysis of the impacts.

## **BOSNIA AND HERZEGOVINA AS A SIGNATORY OF INTERNATIONAL TREATIES IN THE SPHERE OF ENERGETICS**

Bosnia and Herzegovina is a signatory of a number of international treaties from which derive obligations related to policy and regulatory reforms in the energy sector in the sector. Bosnia and Herzegovina has a series of commitments as a signatory of these agreements.

Current progress in the reform of regulations and implementation of the agreement include:

- Adoption of laws and regulations on electricity;
- Establishment of new institutions in the electro-energetics sector, state-level DERK, NOS Bosnia and Herzegovina and Elektroprenos, FERK and REERS at the entity level;

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<sup>396</sup> Svjetska banka: *Energetska studija za BiH*, Ministarstvo vanjske trgovine i ekonomskih odnosa, Sarajevo, 2008, str.12



- The establishment of functional accounting systems and protection of distribution and security of electricity;
- From 1 January 2008, all users of electricity than households can individually buy electric power;
- Distribution networks damaged during the war were re-connected with the networks in Western Europe;
- The ministers of state and entity level have reached an agreement on regulating the sector.

Based on the commitments made in agreements, following obligations were defined, to which Bosnia and Herzegovina is obligated to, but has not yet been fulfilled:

- Commission for the preparation of legal documents has been established at the state level in 2007, but has not yielded any results;
- Most of the obligations of the Energy Community of South East Europe (ECSEE) are not met despite the deadlines and obligations related to the Stabilization and Association Agreement, including the Road Map;
- There are no detailed databases on the use and consumption;
- Rates for electricity are not liberalized, nor backup plan for the social categories of population following the cessation of subsidies exist;
- Law on energy efficiency is not modernized;
- Strategy for implementation of investments in gas sub-sectors and electricity is not made;
- Undeveloped network of gas pipelines that cannot meet long term needs.

Bosnia and Herzegovina has signed the Energy Community Treaty (ECT) in 1995, and ratified it by the 2000. This contract contains a Protocol on Energy Efficiency and Related Environmental Aspects (PEEREA). ECT states that it is the legally binding document for all parties. The contract assumes providing the legislative framework to improve and promote long-term cooperation in the energy sector, based on complementarity and mutual benefit in accordance with the EU Charter. Establishing a stable, comprehensive, and non-discriminatory regulatory framework for cross-border cooperation in the energy sector, ECT reduces the political risks associated with economic activities in transition countries.



Protocol on Energy Efficiency and Related Environmental Aspects (PEEREA)<sup>397</sup> requires form signatories to provide energy projects in an economically efficient manner to minimize negative environmental impacts. Through PEEREA, the principles of sustainable development and profitability of projects are being promoted by defining the principles of policy to promote energy efficiency, providing a framework for development cooperation and coordination, providing guidelines for the development of energy efficiency, identifying of potential areas of cooperation. Meeting the standards and requirements, including the Technical Assistance Information Exchange Office (TAIEX) of the European Commission, is of critical importance for Bosnia and Herzegovina. These policies must go into effect no later than 2030. Indicative development production plan should be conducted in the next 10 years.

## **RENEWABLE ENERGY POLICY**

Energy production in Bosnia and Herzegovina, include large energy losses amounting to about 40%, due to outdated equipment and technology and a partial share of cogeneration producing of the heat and power (CHP) during energy production.<sup>398</sup> There are some uncertainties in connection with the inclusion of wind farms to the transmission network since it is unknown whether the power system of Bosnia and Herzegovina is able to cope with it. End use of energy is also ineffective due to lack of reliable energy statistics, due to which is difficult to assess the potential of energy efficiency in relation to the delivery and the demands for energy. In addition, buildings often have poor insulation, which causes losses of over 30%. These problems are present due to non-existent energy policy at the state level, the responsibilities are distributed in several organs, the rules are different and contradictory, information for potential investors are insufficient, poor connections and distribution networks due to lacking facilities, there is no single control and monitoring of construction deadlines, and there are only a regulatory commission for the entity to confirm the origin of electricity produced from renewable sources, but not at the state level. Several technical assistance projects that are aimed at achieving energy efficiency and energy conservation were carried out. Key recommendation of carried projects is to focus on overall policy and regulatory framework that will be in line with EU standards. Currently, Bosnia and Herzegovina has no official state or entity energy policy or the reform plan adopted by the government. The only effort in this regard was evident

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<sup>397</sup> Energetska povelja – *Protokol o energetskej efikasnosti i drugim pripadajućim problemima okoline* - PEEREA, Regular

Review 2008, Bosna i Hercegovina

<sup>398</sup> Idrizović, M.: "*Energetika - prilagođavanje sistemu*", Glasnik Privredne/Gospodarske komore FBiH, 01.1.2008. str.9.



in 2004, when the Council of Ministers adopted the following goals: to stimulate local and foreign investments, create a reliable energy reserves in accordance with the standards of accessibility and cost, to guarantee the satisfaction of users' interests, stimulate international competition, transparency, and consolidation of market for electricity and gas, to use energy resources logically and efficiently, to encourage the use of renewable energy, and monitor local and international environmental policies, treaties and conventions including the Energy Charter.

The World Bank has created a Poverty Reduction Strategy Papers (PRSP 2004 - 2007.) stating the following objectives in the areas of energy reform: to encourage local and foreign investments, to guarantee a reliable supply of energy taking into account the standards of quality and affordability, to enter into international market through integrated market for electricity and gas, to use energy sources in a logical and efficient way to increase affordability; to implement liberalization, competition and transparency; applicable local and international environmental standards, guarantee the protection of users of the system, using renewable energy to meet international standards, in particular ECT.

## **RESUME**

Bosnia and Herzegovina needs structured, clear, and concise national strategy were public will be included, and a strategy that includes a strong institutional structure and regulatory framework in order to achieve sustainable energy reforms. In order to implement effectively such a policy, Bosnia and Herzegovina should have common vision and a strong consensus that will be achieved through a comprehensive consultation process. The key is to consult with other European countries, because they show that federalized energy system promote development, not prevent it. In addition, the creation of sustainable energy reforms and regulations needed to achieve consensus and clearly delegated responsibility for the institution. Due to fragmented and poor administration, Bosnia and Herzegovina cannot have viable and coherent energy reforms, policies, and statistics. This adversely affects the competitiveness of the country, consumers, and industry. Transparent and consistent guidelines and plans for reform that will strengthen the regulatory framework and promote investment and modernization are required.

Consolidation within the energy sector in relation to policies, regulations, and institutions will bring significant benefits in efficiency, coherence, credibility, and investments that will encourage donors, creditors, and investors.



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# THE IMPORTANCE OF THE HOLISTIC SYSTEM APPROACH FOR THE PROCESS OF REFORM OF ELECTRICITY SECTOR IN SERBIA

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## **Abstract:**

*Many changes in the natural and social environment causes many problems, precisely because the desire of people in constant disagreement with opportunities to exercise them. The goal is always the result of selection or conscious decisions of individuals or organized groups of people. Changes in the organizational structure of the system - public companies, causing many problems to be overcome in order for a company ensure its survival and further development. One of the many problems that exist in public enterprises is a translation of the classical system of management and governance of the modern management system, a new form of business management and organizational systems and the objective exploration of possibilities for introducing modern management systems in the organization of power systems.*

## **Keywords:**

*management, power system, a holistic system concept*

## **CASE STUDIES AND STARTING POINTS**

Management business and other business systems requires more knowledge and skill acquired. Introduction and learning process and the workflow management is attracting an increasing interest for individuals and communities, which is logical because of it depends on the performance of the macro, corporate and micro levels. Different interests of people lead to the development of competition, and the necessity of increasing productivity. Experience and research show and prove that a critical role in achieving the goals are just ways of managing processes. Managing other people's time and resources in the structures of business systems is



the most complex conscious business people and it is essential that people who hold these work processes are trained and qualified to perform all the processes of transformation that are provided to existing translated into a new desired state. In any investigation primarily to define his problem and goal. The presence of a number of problems and difficulties in the modern development of professional management, business and other organizational systems, especially in public enterprises, the aim of this paper. The primary goal in any research is to determine the objective to be achieved. Any other approach in performing any conscious activity requires increased efforts and does not guarantee that it will achieve the desired goal. One of the most significant and influential issues of the public enterprises to introduce advanced management system. This means that the research focuses on finding and defining the conditions and criteria for the conception and establishment of certain modalities of management of public enterprises, and social conditions in accordance with regulations of organization and operation of public enterprises. Based on these research approaches to the constitution of models of management of public companies, this work of management in the company in the field of power industry<sup>399</sup>.

## **TASK MANAGEMENT SYSTEM OF A BUSINESS**

Electric Power is a very important sector of each national economy, both by reason of his interest in structural macroeconomic aggregates (domestic product, fixed assets investment, foreign trade exchange), and by the many direct and indirect effects on other economic sectors and the total social - Economic development. These characteristics determine electrical power and its central place in the economic infrastructure where the economic infrastructure includes a set of objects that provide the basis for dynamic economic development and influence on civilization space. The connection between company in the field of power industry and the development is based on the fact that electricity is a reliable and flexible source of energy and, as such, required for most services and technologies. It's reliability is reflected in the possibility of planning and carrying out continuous production, transmission and sales, with minimal environmental damage in the area of acquisitions. Eventual interruption of electricity supply would have catastrophic consequences for every national economy, so the emphasis in this form of energy is placed on security of supply. Hence this segment is the subject of special forms of technical regulation and it is taken into account when defining and selection of development alternatives in the energy industry. Electric Power hired a significant part of social capital as well as national natural resources (water, coal, oil, gas, soil). The share capital placed in the electric power industry is high in all countries. Transformation of primary energy in the final

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<sup>399</sup> Vučenović, V.; *Champion's management*, Nip "Education Bulletin", Belgrade, 2004.; Dr Aca Marković, 28. Conference JUKO CIGRE, Vrnjačka Banja, 30.09.-05.10.2007 referat, *Energy Community-step towards a pan European energy market*.



means the use of natural energy resources, so that the power industry with the largest use of natural mining resources. This group is also appearing as a consumer that substantially engage the capacities in the field of engineering, and construction electrical-industrial.

The dependence of modern societies of the services provided by electric power today is extremely high. These facts have become aware only in those situations when it comes to its disappearance. The famous "Northeast blackout" (break-up power system in the State of New York 9th November 1965. In), which lasted almost two days, had not only negative consequences for the operation of the economy, but also led to the interruption of telecommunication links and TV programs, congestion traffic, eclipsing the detestable and large problems in space heating and food preparation. Blackout-time, and especially night, was accompanied by violence, robberies and various forms of manifestation of uncivilized behavior. Electrical power failures, or temporary loss of a universal characteristics of modern society, he returned for the two days north-east of America in the distant past. Holistic system concept in large business systems such as electrical power system, based on the detection of the unknown, finding the causes of the organizing and disorganizing, or reorganization, with the use of knowledge in the natural order of functioning<sup>400</sup>. So it shows that the movement causes changes occurring in the natural and social order. Movements are those that lead to changes and problems. Therefore need a permanent adjustment of system operation with the changes that are happening, and that the electrical energy and any other system is realized through the reorganization and disorganizing. This is to avoid disproportion between the changes that are happening in the environment and changes in the functioning of each system, and a stagnation in growth and development of each organization. Therefore, the electrical power system must be changed at least the speed at which changes the environment. Otherwise, he declines, with a tendency to increase the entropy of their activities and move into a state of chaos. It follows that the basic task of management of the business system that directs the form of movement (attraction) leading to a higher level of organization, and prevents or slows repulsion, as a form of movement that leads to retrogard phenomenon.

### **The theoretical - methodological research framework**

Public enterprises are established and implemented a technological setting, and it represents the objectification of the constitution that provides structure model. Technological setting determines the kind and quality of resources is necessary to purchase and how they organize to perform those functions that must be done to realize the program setting a public company. In scientific research, the primary objective is to determine the parameters of the structure and

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<sup>400</sup> *Dr Aca Marković, Holistic concept of management of public enterprises, Beograd, 2000, str.245-248.*



quality of components, which was built studied. In addition, particular attention is concentrated on identifying and defining the functions of individual parts and their relationships in achieving the aims and objectives of existence and functioning of research in the middle of it belongs as an integral element of that environment. In scientific research is certainly the most difficult to discover the unknown in the research topic. It is these difficulties cause that the first scientific research more fully determine the method of research. Accordingly, particular attention is paid to developing models and structure ways and methods. In all kinds of scientific research is primarily to determine the sources and causes of generation, distribution and activity of the research topic, and the manifest problems that we want to acquire. The primary and initial phase of the research related to diagnosing, or determining the ratings of the manifest problems and objectives to be achieved in the research. Classical scientific method of observation and analysis of public companies and all other types of companies and general organizational company, primarily focused on exploring and evaluating the internal organization of enterprises, regardless of their connections and relationships with elements of the environment to which they belong as an integral part. These approaches can provide only partial indication of the present structure, quality and function of public enterprises, which means that these approaches do not provide for the creation of realistic images of the structure and operation of public enterprises. For a more objective presentation of the public enterprises and management development in its structure, it is primarily seen in the interior of the structure and connections and relations that establishes a public company with its environment. Only the introduction of the research links and relationships of public companies with their environment forms the basis for the objectification of views and evaluation of existing conditions.

To study the status of public enterprises and the development of management in their structure is necessary to study the relationship with the founders of public companies and the community because of its specific status of the company. These characteristics are most prominently manifested in the fact that the constitution of public companies always puts the spotlight on the performance of public functions to meet the specific needs of the population and social structures. Thus the more developed state functions should more namnožava more public functions by a number of features are different. The introduction of study of relations of public companies with the community above all require the business interests and objectives. Neglecting the cost of carrying out public functions inevitably neglected the development of entrepreneurship and management. In theory and practice of the organization is usually said that what really stagnant company fails. In the modern market conditions all the more complete the work may include public companies. Any introduction of economic principles in business conditions more intensive investigation of potential savings while increasing quality of products and services. In market economies, enables the legal constitution of several public companies to perform the same function, that allows the development of competitiveness of enterprises and even other countries. How this is expressed best shows an example of creating conditions for the free electricity market in countries with developed market economies. Contemporary social development impact that public companies must achieve an adequate profitability. In terms of traditional state organization of public enterprise management has had primary responsibility



for ensuring the efficient discharge of public functions, or providing certain services under the conditions set by the competent national authority. The classical form of managing business systems and enterprises, rely upon the structure and the scheme status of individual office holders, and management of technological processes. The tendency is directed to the establishment and management of technical and technological systems, while the functions of labor-management employees and their mutual relations associated with the technical and technological functions. Holders of managing technical and technological features are not specifically trained to manage people and their relationships. Schematic managing people and their mutual relations in reality leads to a series of irrationality. Modern scientific research clearly indicate that the primary function of management control other people's work and other resources and this requires the special skills of people from the area to perform the functions of management. Management are all fully expressed as a separate profession. But this shows that in public companies to explore opportunities for professionalization and development of management of public enterprise management analog business of other systems. Necessity of quality changes in the organization and functioning of public enterprises is the subject of many public meetings. Especially stressed that in each new time dimension is manifested in an increasing need for organizing and operating a growing number of public companies. For these attitudes affect primarily the growing concentration of population in major cities, and works with the rise progressively accrue the need for new public functions. So come to the realization that the organization of public enterprises is becoming increasingly important and that research in this field must be added much more attention and engage the considerable human and other resources to finding new successful models for organizing public companies. Now it must be borne in mind that the deciding factor in the success and organizing the operations of public enterprises is the ability of management to manage these particularly complex activities. The study is based on the hypothesis that the holistic concept of the system is not sufficiently implemented in practice, organizing and managing a large business systems, even when it comes to electrical power system and that its application can achieve significant economic effects, and improved supply of electricity. Research and analysis on a particular system, is to confirm or refute this hypothesis.

### **Holistic system concept**

Although the holistic, or wholistic system concept known ancient Greeks, especially Aristotle and Democritus, this technique has not yet received its wider application in management and science of organization. Its essence is in the abandonment of traditional research as a starting point of determinism by noting that the nature or the natural and social order governed strictly by laws established by science, but that man is only partially met, and legality. Classic research has produced tejlorizam and fajolizam or veberizam and its bureaucratic organization, which are still dominant in management and organization in general. These concepts are at a particular time made a significant contribution to the organization and direction of team work, which corresponds to the time in which they occur. Classical concepts, in particular determinism, as



part of the traditional organization can still be applied in technical systems, but not successfully and organizational systems to be realistic in this paper point to the unsustainability of the conventional type of research in organizational systems and proves that it is necessary determinism in organizational systems replaced with a statistical quantification of probability. Based on statistical probability is a warning that the improper and inaccurate to claim that everything in the world going by the rules established by science, but that all happens in the natural order with a probability determined by the science. Red thread in the work should be based on the claim that the quality of the whole organizational system can not be inferred from the quality of parts has been insisting on the classical methods of research, but to the whole is always more than a simple sum of its parts. This is true in all systems and organizations, and even when it comes to energy system, which has some general, but also a number of special characteristics.

Holistic system concept should answer the question, what is new in the level of the whole electrical power system, which can not be determined by a partial study of the parts. The likely answer is in their mutual interactions and relationships that occur between components within a single unit, which lead to increased synergies. The challenge is certainly greater when it is known that the electrical energy system is complex and it became one of the major technology business systems in which every part of the subsystem in relation to multiple systems, but the system in relation to lower the systems and structures. The work should demonstrate the relationship of the electrical energy system in an environment where it belongs, but also the impact of environment on the success of its operation. In this way tgreba prove that "nothing is not an end in itself, nor self-indulgent, but it all stems from a higher purpose and at the same time it serves." Accordingly, all comes from somewhere and speak something, that is. that everything is in the causal relationships and connections. These findings are important for the management and organization of each, and therefore the electrical energy system. A special contribution is expected in the possibilities for application of the concept of a holistic system in organizing and running the electricity system of Serbia, as a country in transition, especially for the possibilities and limitations.

### **Horizontal integration**

Under horizontal integration of the mean correlation companies within the same function, as opposed to vertical integration, which pointed to the mutual correlation functions themselves. This is usually indicated by the number of competitors or the percentage of production that is controlled within each of these three segments. The basis of the horizontal integration of the various forms of property or contract on the joint performance of functions. Two main reasons for the existence of horizontal integration is to simplify the mechanisms for security



(construction planning) of sufficient capacity available to its forces were able to meet the electricity needs for consumable area, and economies of scale<sup>401</sup>.

### **Planning for new capacity**

The easiest way for a country to provide sufficient generation and transmission capacity to be able to meet the needs for power consumption, especially in periods of peak demand, is to entrust to an organization the right and responsibility for planning, development and supply of electricity. However, horizontal integration is the only way for effective national coordination of planning and construction of new capacity. In most countries, especially those of most developed, OECD, for electricity generation is responsible for more than one company. The way in which these countries are planning to build new generating capacity can be classified in three main models:

- Planning for national basis despite a lack of integrated production
- Planning is concentrated on a regional basis
- there isn't national and regional planning, but are part of the market laws.

The other main reason that refers to the horizontal integration of production capacities is an economy of scale. The economy exists on many different levels and it includes:

Economies of scale in individual power plants - in certain circumstances and stages in the development of electric power, long-term trends point to increased consumption of capacity building with a larger installed capacity to take advantage of the thermal efficiency and also reduce capital costs per unit of product;  
Marginal reserve - given that each system must, because of the reliability of electricity supply, to dispose of reserve power, if it is higher, the system is able to extract more benefits from economies of scale. Assuming that marginal reserve system should be equal to the largest production unit, in large systems, due to the effects of thermal efficiency, it is easier to align the elements of scale and the necessary reserves of the system;  
Factors of power utilization - ability to adapt to different levels of demand for electricity is easier in large systems, which also gives a chance for the unification of the use of force;

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<sup>401</sup> *Drago Kecman, Aca Marković, reference Possible organizational models of Power Industry of Serbia in accordance with EU directive, 26. Consultation JUKO CIGRE, Banja Vrućica, 2003.godine.*



Coordination of maintenance - if the system is higher maintenance costs of individual power plants, due to possible coordination of these works, far less. However, the existence of economies of scale does not imply that there is only one way for its realization. Horizontal integration allows the shortest path to its achievement, since all benefits derived therefrom realized within an enterprise, without the need for coordination, contractual or market relations between participants in the process. There are three alternative models that are represented in individual countries, which do not involve the horizontal integration, cooperative model - where the management and dispatching going on a national basis, regional model - where the management system performs on a regional basis, either through the regional power companies were through regional transmission company that coordinates the operation of disintegrated production company and market model - where the central management and coordination takes place through processes of competition between manufacturing companies.

## CONCLUSION

Analyzing commercial ties and the ways in which individual countries through the organization of the electricity sector tried to get the maximum benefit from the operation of power systems, and requirements for reliable electricity supply at minimum cost, we can conclude that all three considered models (vertically integrated monopoly, the cooperative model and market model) has its advantages and disadvantages and that none of them fully and satisfactorily resolved not demand for reliable electricity supply at minimum cost.

For these reasons derives the opinion that the cooperative model of organization that is a mixture of the previous two, with appropriate development and extension, can be a form of organization of electricity that the best way to solve the presented problems in the organization of power systems. Thus in it there is enough room for the introduction of some form of competition on one side and coordinated managing and development system by the transmission company, on the other sides. Thus creates an incentive to increase efficiency and investment and also provide the assumptions for the long term and reliable supply of electricity all over the consumer area.



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## STRATEGIC MARKETS PORTFOLIO

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### **Abstract:**

*Global marketing planning becomes increasingly complex. Successful marketing strategies require a wide range of strategic management decision making of companies operating worldwide. This document presents the portfolio theory as a way of the systematic selection of well-balanced production and marketing strategy. Document also presents guidelines on how this approach should be applied to strategic formulation in the circumstances of the international market.*

### **Keywords:**

*Marketing, Strategy, Portfolio*

## INTRODUCTION

Strategic management in international business must make complex decisions in strategic planning at a time when rapid turnovers in the global market causing great instabilities in the potential profitability. Problem of international strategic planning is especially pronounced in industries where major corporations compete globally, such as cars, steel, energy, construction, and agricultural machinery. The planning process that focuses simultaneously on a number of markets of multinational companies that own patterns to help them balance the risks in terms of cash flow in the part of profits and economies of scale, in order to get stronger and longer-term market positions. For example, by systematic selection of well-balanced production and strategic market combinations, large international companies reached the prominent positions on the global level within a few years. Strategic planning, in the broadest sense, is trying to find appropriate products and other corporate resources to strengthen the competitive position of firms for a certain market. This purpose requires the participation of a wide range of strategic management, marketing management, division of research and development, production, finances, and other organizational units of the company. However, there is a strong tendency to separate the planning or production or market, but not together. The problem is in the



perspective, i.e. the complexity of business, whether production or any marketing strategies, especially in both groups at the same time. Several forms of planning a domestic market can assist in international strategic planning. Most companies lose their effectiveness when applied to strategic planning at the international level. They tend to focus on products as a main unit of strategic efforts. However, large variations in market conditions around the world suggest that is apt to make decisions on the market portfolios. For example, Ford's operations in its business history records varying profitability and different cash flow and market share of a certain type of products. Some of the biggest opportunities for this business exist thanks to the wide variations in potential profits through different areas of the market.<sup>402</sup> The purpose of this document is to present an analytical approach to strategic planning that is useful in sorting conditions to various international markets, where market portfolio will be posted. Several large corporations, including General Electric, Westinghouse, Shell, and Borg Warner, use analysis of production portfolio in the planning of domestic market. Bruce Henderson of the Boston Consulting Group first demonstrated the importance of analyzing the portfolio of manufacturing businesses according to recorded business growth and matrixes of market share.<sup>403</sup>

Business or product portfolio analysis can be seen as an attempt to sort options using a few strategic variables. Most analysis of company operations are handled in the works of Boston Consulting Group.<sup>404</sup> They concluded that the cost of producing predictable declines while production increase. Because companies with large market share produce more than competitors, their costs are declining, and profit increase. It can be said that the market growth is closely associated with the degree of difficulties in securing market share, i.e. it is easier to provide increased market share while market grows. Moreover, those firms that have large stakes in mature markets are in a great position to retain them. Thus, market share and market growth can be used as coordinates in categorizing the company's products in four categories - large share/slow growth (Cash Cows), a large share/fast growth (Stars), a small share/fast growth (Sweepstakes), a small share/slow growth (Dogs), as shown in Figure 1.

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<sup>402</sup> Bruce D. Henderson, *Henderson on Corporate Strategy* (Cambridge, Mass.: ABT Books, 1999).

<sup>403</sup> George Stiner, *Strategic Planning* (New York; Free Press, 1999); George S. Day, "Diagnosing The Product Portfolio," *Journal of Marketing* 41 and Derek F. Abell and John S. Hammond, *Strategic Marketing Planning* (Englewood Cliffs, N.J.: Prentice-Hills, 1998).

<sup>404</sup> Sidney Sheffler, Robert D. Buzzell, and Donald F. Heany, "Impact Strategic Planning on Profit Performance," *Harvard Business Review*, 1992.



**Figure 1: Disposition of company's products**

**MARKET SHARE**

		<b>High</b>	<b>Low</b>
<b>MARKET GROWTH</b>	<b>High</b>	Star products	Sweepstakes products
	<b>Low</b>	Cash Cow products	Dog products

George Steiner and others have expanded their procedures to display a business growth with elaborated index of market attractiveness, and market share with an index of competitive power.<sup>405</sup> Their scheme uses the results of a PIMS (Profit Impact Strategy Group) and other related to characteristics that contribute to a strong return on investment. In addition, many corporations have linked the product portfolio with the concept of product life cycle. "Sweepstake" or "question mark" products are in the introductory phase of the life cycle; "Stars" in the growth phase, "Cash Cows" in the mature stage, and "Dogs" at the stage of decline. In this way, business programs of the company on the domestic market can be changed depending on the amount of growth or decline in the sale of certain products. When we focus on the productive elements, the life cycles of products on the domestic market may follow this pattern; however, the international products life cycles are much more complex. For example, one of the many international forms is (1) the invention of new products, (2) large domestic production and sales, (3) export to foreign countries, (4) stimulation of production in foreign countries, (5) the widespread presence of strong foreign economies and lower labor costs in the markets of other countries.

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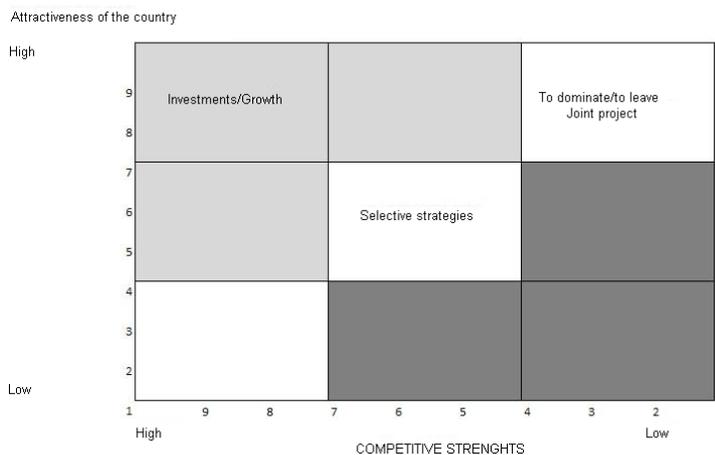
<sup>405</sup> Bruce D. Henderson, *Strategic Market Planning*, "Harward Business Review" 1999.



## MARKET PORTFOLIO

Conceptual simplicity of presenting a combination of competitive strengths and attractiveness of the market provides a useful two-dimensional matrix for categorizing products. What is even more important for the international market planning in the international environment is a linear combination of market factors that can be used in defining attractiveness of the country from the perspective of the market and the competitive power of the company in the country, as shown in Figure 2.

Figure 2: Matrix for categorizing products



Although in recent years, the situation is improving based on access to data on international markets necessary for a thorough study of the attractiveness of the country, it is still difficult to obtain updated information that would serve the subject analysis. Such data could be used to extensively study four parameters - the market size, growth rate of the market, government regulation, and economic and political stability.

In addition, competitive strength must be defined within international market although there is no quantitative model. Ford's strategic management (3) suggested the following factors to calculate the criteria: market share, the adequacy of products, contribution margin, market introduction, and market support.



Criteria of the attractiveness of the country and the competitive strengths generated 3x3 matrixes, as shown in Figure 2. To countries that fall into three squares up and left, would generally be given the resources for growth, while those that fall into the lower-right squares are the areas for the strategy "harvest" or "leave", i.e. "ignore" if works had not started. Countries that fall into three diagonal squares will require a strategy of selective growth.

## DEVELOPMENT OF THE STANDARDS OF COUNTRY'S ATTRACTIVENESS

*Market size* is calculated using the projected average annual sales volumes. Many companies have selected a three-year average in order to avoid anomalies caused by short-term economic changes and the effects of strikes among the major companies (2). This measure provides a good base on which to build projections of growth - the second criterion element. Market size is obviously critical, because the minimum amount necessary to achieve economies of scale that is required for entry including technical assistance, training, and information about products and services. *Market growth rate* is estimated based on the average growth percentage of sales in the last ten years. The period of evaluation is longer than most of those that are needed for the domestic market, however, such a long period of evaluation is necessary. Governmental actions include three sub factors: control and regulation of prices, terms of homologation, and regulations that protect local content and compensatory export duties. Homologation refers to non-tariff barriers, for example, local security, and production requirements, and in many cases, the simple red tape that prevents entry into foreign markets. Compensatory export laws condition that final product contains locally manufactured components or that importing country export some of their products in order to neutralize the import. Government plays a significant role in determining the easiness of market entry by regulating the safety and environmental protection, control costs, incentives, and protectionist measures. *Economic and political factors* include balance between inflation and foreign trade volume. Unique linear scale (4) consisted of four factors is calculated using following formula:

*The attractiveness of the country = Market size + 2 x Market Growth + (0.5 x Control of the prices/Regulations + 0.25 x Local content and Compensatory export requirements) + (0.35 x Inflation + 0.35 x Trade balance + 0.3 x political factors).*

Values represent the relative importance of each variable in strategic planning. (1) In order to standardize each of the units of analysis, all estimates are written onto ten-point scale. The above formula is applied to provide a number that shows a linear measure of the attractiveness of the country. This number is then transformed to fit another classified ten-point scale.



## DEVELOPMENT OF THE STANDARDS OF COMPETITIVE STRENGTHS

*Market share* is critical to profitability on the domestic market; it is probably the most important factor in international business experience because of its curve of scope and costs. Because the market share varies significantly from country to country, this is a good discriminant factor. On the domestic market, many stable industries have only three or four major competitors. On the international market may have many more. In some cases, certain national producers have large market share and brand loyalty, and non-tariff barriers protect them.

*The adequacy of the product* is an estimate of how the product meets market needs. A wide range of differences in circumstances, tastes, and priorities of customers, make the adequacy of the product are the key strategic factor. If the product is tailored according to unique national needs, the company may be in danger of losing economy of scale.

*Contribution margin* is a measure of profit per unit, and profit as the cost of dealer networks. Low contribution margins often reflect limited level of prices due to competition or government control. It may also reflect inefficiencies in the management of local groups. While this measure should be reflected on the other three elements too, it serves as a measure of capability to make profit.

*Market support* encompasses the quantity and quality of personnel of the company, which is located in the country, parts and technical service, and the capacity of advertising and sales promotion within the country; therefore, support represents the general image of the company in local circumstances. Linear scale (4), which reflects the competitive effect, is calculated as follows:

*Competitive strength* =  $(0.5 \times \text{Total market share} + 0.5 \text{ Industrial position}) \times 2 + \text{Adequacy of product} + (0.5 \text{ Profit per unit} + 0.5 \text{ Percentage of the profit from the dealers network}) + \text{Market support}$

## RESUME

Many companies need to consider in detail the market portfolio, although they have a quality product strategy. This document presents a form of strategic planning which is a modern approach and the first step for companies to enter the world market. There are a few suggestions that should be applied, because the implications extend to several business functions, and it is important to include finance, manufacturing, research and development, marketing, strategic options and measuring the country's attractiveness and competitive strength. Second, this approach should not be used as an exclusive rule. Therefore, the market portfolio shows only one part of the whole picture.



Finally, the market portfolio analysis helps strategic management in the overall analysis and selection of the current market positions. It can be used to plan the movements of the market for some time, so the company could track the changes in the environment for future market projections.

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