



ACHIEVING EXCELLENCE IN EDUCATION, EMPLOYMENT AND HUMAN RESOURCE MANAGEMENT

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PREFACE

The Book of Proceedings of the International Conference under the organization of the Faculty of Business Economics and Entrepreneurship from Belgrade titled “The achievement of excellence in education, employment and management of human resources” represents the results of the scientific thought of 33 researchers, authors and co-authors of scientific papers from the Republic of Serbia and from around the world.

By being a part of this Conference and by presenting their papers, they gave a large contribution to the understanding of numerous thematic questions.

The presented papers represent the continuity in the affirmation of scientific thought which was conceived for the first time five years ago at our first Conference. The essence of it is the multidisciplinary study of current phenomena and paradigms in the sphere of education, entrepreneurship and employment.

In the Book of Proceedings we can recognize and single out two complementary frameworks: education (first part) and employment and HR management (second part) by pointing out to the seriousness of the role and channels through which education acts and encourages functional knowledge and the training of human resources, promotion of their knowledge, social skills and professional mobility, around the basic instruments for socially economic transformation, promotion of employment, social cohesion and promotion of life and life chances.

Education is a powerful factor of development, and the education level of citizens is the unavoidable indicator of the achieved level of socially economic development. We have to raise awareness about the interactive connections between socially economic development and education – to open wide the space for science and new innovative education programs with clearly defined criteria of control. The destination is “a society that learns” and a powerful affirmation of lifelong learning and entrepreneurial initiative as the expression of economic liberties in the rational creation of future.

It isn't enough to work the best we can, we have to know what to do, and certain competences (knowledge and skills) are necessary for that and those are:

- Transferable skills and knowledge;
- New visions of multidisciplinary;
- Transdisciplinary competences.

Second thematic framework consists of papers dedicated to employment and HR management. Employment represents a powerful means in our fight to solve basic social problems, such as poverty in all its forms and complexities, regional disproportion etc. Education increases social involvement and affects employment.

Education is the precondition for HR management. Scientific papers in this book proved the hypothesis that the content of work is in close connection with the

choice and motives of employees for their involvement in education activities, and primarily of utilitarian character (higher income, better work place, etc).

In any case, with these studies and presented papers we've stepped into the fields in which there are many open, insufficiently examined and in the right way studied questions. At this moment, we are left with several questions beyond the appropriate domain and we are hoping that the answers to them will be found at our next Conference in 2017.

October 2016.

Academician Professor Slavko Karavidic, PhD

CONTENTS**PART I****EDUCATION IN THE DIGITAL ERA 11****EDUCATION IN THE FIELD OF SOCIAL – HUMANISTIC
SCIENCE IN THE DIGITAL ERA 13**

ZORAN BAJIC

ANA BAJIC PREDOLAC

**HUMAN CAPITAL AND DESCENTRALIZATION OF
EDUCATION - THE CASE FOR TLAJOMULCO DE ZÚÑIGA,
JALISCO 35**

JOSÉ G. VARGAS-HERNÁNDEZ

VÍCTOR HUGO GARCÍA OLIVA

**EMOTIONS AND CAREER ANCHORS DURING THE
PROFESSIONAL TRAINING IN UNIVERSITIES..... 58**

YOANA YANKULOVA

YAVOR ILIEV

**DEVELOPING NONVERBAL INTELLIGENCE: TEENAGERS’
CAPACITY OF DECODING AND UTILIZING GESTURES..... 71**

MIHAELA LILIANA STROE

**ENTREPRENEURSHIP AND THE IMPORTANCE OF EARLY
ENTREPRENEURIAL EDUCATION IN ITS DEVELOPMENT 86**

DUSAN GARABINOVIC

MARIJA MARKOVIC BLAGOJEVIC

**IMPACT OF LEADERSHIP STYLE ON THE
ORGANIZATIONAL COMMITMENT OF FACULTY MEMBERS
IN THE INDIAN HIGHER EDUCATION CONTEXT 110**

ARUN C ANTONY

N SANDHYA

**KNOWLEDGE AND SKILLS FOR RE-INDUSTRIALIZATION
AND AGRARIZATION IN SERBIA 128**

SLAVKO KARAVIDIC

MARIJA CUKANOVIC-KARAVIDIC

PART II

EMPLOYMENT AND HUMAN RESOURCE MANAGEMENT 147

CHANGES IN THE HUMAN RESOURCE MANAGEMENT PRACTICES AND WORK MOTIVATION IN ACADEMIC ENVIRONMENT..... 147

SNEZHANA ILIEVA

IRINA TOPUZOVA

MOTIVATION OF EMPLOYEES IN FUNCTION OF IMPROVEMENT OF INTERNAL COMMUNICATIONS AND ETHICS 162

DJORDJE ILIC

SLAVICA ANDJELIC

ENTERPRISE INNOVATION IMPACT ON EMPLOYEE PERFORMANCE AND SATISFACTION 179

VALERIA VITANOVA

RAMIRO GOMEZ

INDIVIDUAL AND ORGANIZATIONAL DIFFERENCES IN COUNTER-PRODUCTIVE WORK BEHAVIORS..... 192

ERGYUL TAIR

TANYA PETKOVA

KALOYAN VELINOV

PROMOTING VALUES AS A STRATEGY TO INCREASE EMPLOYEES' RETENTION IN NON-PROFIT ORGANIZATION, EMPIRICAL STUDY IN KUWAIT 209

RAMI AL-ASADI

HESHAM GAD

THE IMPACT OF CAPITAL OF ILLEGAL ORIGIN USED IN PRIVATISATION ON EMPLOYMENT IN SERBIA 216

SLOBODAN RADONJIC

MIODRAG TODOROVIC

HUMAN RESOURCE MANAGEMENT AND ORGANIZATIONAL CITIZENSHIP BEHAVIOR 232

BILIANA ALEXANDROVA

***REWARD SYSTEM IN THE SERVICE OF KNOWLEDGE
MANAGEMENT..... 244***

DRAGANA BUVAC

IVANA MATIC

***IMPACTS OF THE ICT-A ON GLOBALIZATION, THE WAY OF
LIVING, CHANGE THE STRUCTURE OF BUSINESS
PROCESSES AND EMPLOYMENT..... 256***

DRAGAN MILOSEVIC

BRANKO MARKOVIC

***YOUTH CO-OPERATIVES IN COURT PRACTICE IN THE
REPUBLIC OF SERBIA..... 277***

ZORAN RADULOVIC

SLAVOLJUB SLJIVIC

PART I

EDUCATION IN THE DIGITAL ERA



EDUCATION IN THE FIELD OF SOCIAL – HUMANISTIC SCIENCE IN THE DIGITAL ERA

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ABSTRACT

New epoch (end of 20th century and beginning of the 21st century) is marked by radical reforms of education systems around the world, especially in highly developed countries. In the third scientific and technological wave (information society) and the upcoming fourth ("knowledge society" - "knowledge the function of creativity") it is necessary to enrich the knowledge with new contents, new information, new educational technologies (multimedia systems, smart electronic pads, virtual schools, etc.), new methods of teaching in natural, technical-technological and biotechnological sciences.

The paper discusses the importance of justification and necessity of representation of humanistic sciences in the education system of the new era and indicates the specificity, peculiarity of technological innovations in the methodology of teaching and presents the results of practical studies of students' attitudes about the appropriateness and importance of social and humanistic sciences in education systems of the digital era, including the specifics of new methods of teaching in them.

Key words: *Research, Education, Social Sciences-Humanistic Sciences, Scientific And Technological Development.*

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INTRODUCTION

The world in the early decades of the 21st century was associated with unimaginable dramatic events, challenges and surprises. Nowadays, there have been major changes in the internal structure and processes in all types of existing social system. Unsolved problems of peace, security and armaments, poverty, uncontrolled technological development, uncontrolled pursuit of profit and consuming mentality, ecology and many others, have been intensified in the conditions of globalization and affected the entire world.

In particular, we are witnesses to the fact that the scientific - technological progress and the globalization process, regardless to overall importance of the progress of humankind as a whole have their second - the negative side. We are witnessing the dramatic consequences of uncontrolled development of scientific-technological progress (environmental issues, ethical issues, de-skilling of human labor, increasing unemployment and others), as well as the negative aspects of the process of globalization - globalism, which operates mainly in favor of the economically stronger and bigger, to the detriment of less developed and smaller countries. Raf Lap emphasizes that we are on a train that is moving faster on track that has a myriad of switches in an unknown direction. We knew to get to the many scientific achievements but we have not learned to predict what will be the consequences. Today, they are threatening to destroy us. Education in the field of socio – humanistic sciences (especially modern sociology, social ecology and communication skills) can significantly contribute the students to solving these and many other problems of the world in which we live.

Second, the economic survival in the information epoch puts us in the task of solving the complex relationship between the scientific and technological progress and educational innovation. There is no doubt that the digital age is radically changing the way of learning, ie., acquiring new knowledge. A central role is played by the use of multimedia systems. Radicalized educational systems as imperative set a requirement not only for a new and more creative role of teachers and of students. Students become equal entity in the educational process. They are expected critical - abstract thinking and reasoning, formation of axiological and ethical attitudes. Total active and creative participation in the educational process. In the third scientific - technological wave (information society), and the upcoming fourth ("knowledge society" - "knowledge the function of creativity") in terms of implementation of science and technology in the education system, the dissemination of knowledge is increasingly perceived as an enrichment of new creative skills and intellectual reflection of previous knowledge of the facts that are the subject of information. It is necessary, first, to rethink and reassess the current knowledge, and then enrich this knowledge with new content, new information, which are permanently coming from all sides. This thinking, ie. forming of critical - dialectical thinking, in particular, contributes to philosophical education - education in the field of philosophical disciplines: logic, psychology, axiology and ethics.

Therefore, the importance and necessity of knowledge in the field of social-humanistic sciences in the education systems of the digital era can be divided into two sub-units: (1) knowledge that students contribute significantly to enlightenment on the acute problems of the world in which they live; (2) knowledge that are of special importance to them in the formation of critical thinking, systems evaluation and ethical attitudes. In this article we will try to clarify the hypothetical character just some of the socio-humanistic sciences in both subunits, which we consider they gain in actuality and the importance of the new educational systems.

Unexpectedly rapid development of science and technology brought unexpected rapid changes in all spheres of life and work, and consequently, in the field of education. We live in a digital era in which are introduced a multimedia learning systems, e-learning (distance education, education via the Internet) and other modern technologies. It points to the importance of "classroom without walls". In this paper we point out the specific use of multimedia technology in teaching social-humanistic sciences.

In order to more realistic and more comprehensive representation to argue the importance of education in the field of social-humanistic sciences in the established systems of the digital era, we will first, immediately after the introduction - in the second part of this study point to the dramatic challenges and surprises that brings the third and fourth performing scientific and technological wave - the consequences of today's powerful and uncontrolled scientific-technological and economic development, as well as the process of globalization.

CHALLENGES – OF DRAMATICALLY SOCIO-ECONOMIC CONSEQUENCES OF SCIENTIFIC AND TECHNOLOGICAL PROCESS

Few issues in recent times has attracted so much attention and which have such importance as the issues related to the process of scientific and technological development and its many social repercussions - dramatic challenges and surprises. In particular, technological progress brings a truly new way of life and a new way of gaining scientific discoveries, as well as a new way of communication. Alvin Toffler in his futuristic study "Shock of futurity" is the experience of the American super industrial society (as he calls himself) that the logic of its technological development found itself in an impasse. He says that "if we want to help people to maintain a period of technological development, then we have to install in composition of a super industrial install society dampers of shock in the future" (Toffler,1975).

Science has become a basic link of economic growth in countries that are seriously involved in scientific and technological progress. Russian scientist Strumilin proved that when the already productive forces of society are developed to a certain level, their further development is not dependent on more investment in capital (means of production and labor) from investments in science - man. At this stage of development of the productive forces, four times is economically

justifiable to invest in science than in the capital. Accordingly "the university is no longer seen as a community of people who are primarily interested in discovering the truth, but as a key institution of "industry knowledge "which in a certain sense works as well as other industry ie. "Taking and delivering of orders" (Kubler,1986). Theoretical knowledge has become a necessary prerequisite of scientific and technological innovations and inventions.

Scientific and technological progress today, not only requires in the field of production, but virtually all fields of social organization and social life. The most important fields of scientific and technological development in the third scientific-technological revolution are: (1) the revolution in electronics (today all types of modern technology four-fifths are the computer); (2) the discovery of new sources of energy (not just nuclear but also solar); (3) The revolution in the field of chemical industry (increasingly synthetic materials); (4) cosmic revolution; (5) transport revolution (the focus of the "autopilot"); (6) Office Revolution (using equipment that directly transcribed human speech; (7) the new technology with the help of a laser, and (8) bio-technological revolution.

The society is a whole of different parts, behaviors and relationships that occur in a given community. Science and technology are integral parts of society. They're directly associated with the society. However, between society and science and technology, there is an internal tensivity. Technology (created by the doctrine) causes changes in the organization of production. The company must respond to this, ie. to create a new organization of production.

An information revolution was launched by progress in telecommunication and computer technology. Today's world of communications has enabled the world to become "one village". There was an unimagined connecting all parts of the globe. Internet is rapidly expanding, becoming a "network of all networks, global computer network that literally covers the entire planet, turning the world into" electronic global village", linking the world with all and any with every one".

Because of the width of the procedure, globality and the speed at which information technology is included in our overall daily life, we will point out the most important socio-economic and social implications that are a result of it.

LARGE AND VERY SIGNIFICANT CHANGES IN THE STRUCTURE OF EMPLOYMENT - THE DE-SKILLING OF HUMAN LABOR

Under the influence of penetration of high technology and sectoral structure of the economy changes in a way that "tertiary sector" (service industries) becomes important. For example, in MC Donald's system that is focused on the production and processing of "fast food" in the US today employs more than all the factories, cars, and in the banking system has more employees than in the whole complex metallurgy. Today, in most developed countries 'tertiary sector' makes up 66 -72% of national production. Process of "tertiarization" and the quality of jobs have been deteriorated. In other words, constantly is decreasing percentage of those persons

that their work can be viewed as a source of social and professional identity, by contrast, is constantly increasing percentage of those persons for whom work is only way to survive, not an activity that provides social inclusion, promotion and social reputation. Speaking of ugly surprises of new "tertiary" Andre Gorc says, "when we have a closer look at the nature of work that includes this new Tertiary we will observe that most often comes to household chores: cleaning, maintenance, supervision of flats and offices, personal care and services ... this is a typical reproductive work that were performed in ancient Greece, slaves, in South Africa it carries out a number of African-American service, and the work is done elsewhere by "femina demestic" ie. housekeeper (Gorc,1986).

CHANGES IN THE CLASS - TOTAL GLOBAL STRUCTURE AND CENTERS OF SOCIAL POWER

Instead of a foundation of power embodied in the property now performs a multitude of foundations. The new ruling class consists of the following groups: (1) the corporate rich men, (2) top managers of transnational companies (the layer of top managers), (3) state-political and military elite, (4) tops the scientific elite. Increasingly, the ruling class is separated from controlling functions. Control operations are taken by experts, the so-called technostructure.

Today, however, especially hints at a new polarization of society between those who are competent and information for those who are not. Hans Dieter Kubler believes that today hints at the increasing polarization of society and not just more between those who have paid work and those who cannot get it, but "between those who can adapt to rapid change and even to profit from it and those who can no longer regardless of which reasons" (Kubler,1986). Thereby is referred to the tendency to just otherwise socially privileged groups of people know how to deal with the constant tide of information.

And the very process of globalization contributes to the concentration of social power in the hands of fewer and fewer people. The process of globalization is asymmetric, acting unilaterally, mainly in favor of the economically stronger and bigger, to the detriment of less developed and smaller countries. Many sociologists and political scientists believe that America (North America) is one side of globalization, and the rest of the world, the other side. According to the data of world statistics "2% of the wealthiest individuals in the world (who acquired their wealth, among other things, the use of the fruits of globalization) own more than half the world's wealth" (Klein,2008). They concentrated more in their hands (along with the elite group of information of responsible ones) almost all the power in a planetary scale. Therefore, some even believe that they are now one side of the world and the whole rest of the population the other side.

DECENTRALISATION VIRTUALLY OF ALL MAJOR FORMS OF ECONOMIC ACTIVITY AND THE RISE OF SMALL AND MEDIUM-SIZED ENTERPRISES

Big companies instead to concentrate production in one place they increasingly are decentralized so as to build a number of smaller plants in various places. It is typical for companies engaged in IT activity. This is done because in this way can reduce production costs. More important is that the new technology has enabled a large part of the working decentralize activities so that employees perform them in their houses and apartments. This form of decentralization is particularly affecting modern information technology sectors in which computers and other forms of technology enable the work to be done at home. Today, in the United States over 19 million employees perform their duties at home.

NEW POSITION AND ROLE OF THE STATE - THE INTERWEAVING OF STATE AND ECONOMIC STRUCTURES

Country first, loses its traditional role as "an instrument of force," its absolute power and the role of the sovereignty. Its political power is not absolute and unlimited. A typical example of this is Western Europe. The sovereign state authority is increasingly transferred to the European organizations, primarily the European Union. A set of features that until recently performed a country now performs civil society - various NGOs, but it is all under state control.

Second, to the modern highly developed industrial societies is particularly characteristic interweaving of state and economic functions. The state is no longer just an external factor, the protector and regulator of the economic system, but has become a constituting part of economic reproductive mechanism. Without the constant intervention of the state in the economy, we cannot imagine functioning of a modern economy - the state directs the behavior of economic organization. Also there is a growing similarity of form of state organization and economic spheres: national authorities acquire a form of organization of business enterprises, and, on the other hand, the economic giants exhibit elements of hierarchy power characteristic of the model of the state organization. This correlation of the state and the economy is so strong that it created a number of national and economic organizations. They are especially present administration in the field of scientific and technological research, as well as in higher education, which is its fundamental premise.

THE FIRST STEPS TOWARDS DEURBANISATION

The pace of life, which is, above all, imposed by a consumer society, which is focused on the pursuit of profit is so weary to people that they are forced to seek "calm" in non-urban areas. Small resorts, spas, villages are becoming more and more prominent and attractive. Peace and quiet are the basic prerequisite for

scientific research. The most important research centers and a growing number of intellectuals are seeking its place in the nearby suburbs, spas and countryside.

In the first decades of the 21st century in highly developed, and not only highly developed countries of the world, but the first steps are present in involvement in the fourth scientific-technological wave, the society of knowledge (knowledge in the function of creativity). Already, in the very stepping into it, appears in more countries than it was entering into the third scientific-technological wave. In short, this process is increasingly taking on the planetary situation because in addition to it the highly developed countries of the West, including the so-called countries as "Asian tigers". This fourth wave of scientific and technological wave of embodiment of the knowledge society is present in the most important areas of social life and work. Education becomes the basis for the development of future society. There comes to synergy of scientific achievements - the interaction of scientific technology with other fields of science. In medicine come up with new discoveries that extend one's lifespan. In the field of economic sciences are open up new perspectives. In the years ahead this scientifically-technological wave will go, towards the breadth and depth of all forms of life and work of man.

EDUCATION OF SOCIAL – HUMANISTIC SCIENCES THAT IS ESPECIALLY IMPORTANT IN THE DIGITAL ERA

The importance, necessity and relevance of education in the field of social and humanistic sciences, in particular, as an imperative are imposed by the administration challenges and the dramatic socio-economic consequences of today's scientific and technological progress to which we pointed out earlier in this paper. The strong development of information technology leads to permanent innovation of educational technology, radical changes in the forms and methods of teaching, increases engagement and creativity of students. Shedding light on the dramatic results of today's uncontrolled scientific and technological progress, and other acute problems of the world in which we live, contributes significantly to the field of education: sociology, economics and environmental economics and communications. Development of critical opinions in particular contributes to the education of students in the field of philosophy with logic, psychology, axiology and ethics.

KNOWLEDGE IN THE FIELD OF SOCIAL AND HUMANISTIC SCIENCES, WHICH SIGNIFICANTLY CONTRIBUTE TO SHEDDING LIGHT ON THE ACUTE PROBLEMS OF THE CONTEMPORARY WORLD

We have seen that the world we live in (the first decade of the millennium III) filled with many surprises and contradictions. Solutions that are barely discernible are incomplete and even contradictory. We know less and less what kind of world we live in. Knowing and interpreting reality extremely charged atmosphere and the pace of change that we continuously question the fundamental axiological postulate

– pull down pillars of built evaluation system. Our civilization has extended the life of human beings and multiplied satisfaction, but their duration is shortened and made them meaningless. How longer and better planned to last in this world of dizzying changes is not just philosophical but also subsistence question.

EDUCATION IN THE FIELD OF MODERN SOCIOLOGY

Sociology has long been, primarily, and almost exclusively theoretical science of society. Its most important representatives were trying to theoretical (more philosophical) thinking sort out the "hidden essence" of social life, not paying much attention to the practical verification of their general attitudes. Today, however, sociological researches are directed towards real life - especially the acute problems of the contemporary world.

In fact, today there have been major changes in the internal structure and processes in all types of existing social system. The third and fourth upcoming waves of scientific and technological process are profound changes that have taken place in the current development of the economy, and to a large extent and the society as a whole. In particular, we should bear in mind the fact that this is "a process without end." The process of change initiated more than six decades, which is still ongoing, and over the time those changes will be constantly deepened. We live in an era and frequent career changes.

Pragmatic age in which we live increasingly divides and keeps alone personality reducing its response to the daily needs of the practice. Consumer society on which grows a kind of consumer mentality is an acute problem of the modern world. In terms of increased consumption becomes crucial stimulation and manipulation of human needs. In this dominant role is played by strong, tightly controlled, state institutions and methods of the campaign. In the deepest sense, it is a general orientation to the immediate consumption. Consumption takes the form of systematic activity underlying the entire cultural system. It is a right turn. For previously accumulation was the main driver of ascetic renunciation of life, and now in force is a motto: "production due to consumption". In contrast to the aristocratic style and prestige, there was a dramatic spending on a cash basis, "it does not matter how you behave, but how much you pay!". Numerous industries of the modern world with its well thought out mechanism for guiding and directing the individuals were able to scale to the fantastic challenge and impose identical collective behavior patterns. In such circumstances, we questioned the meaning of man's creation, ie. engagement. Herbert Marcuse in his best known book "One-Dimensional Man" ascertains that perfectly capitalist society exists on one side of the accumulation of wealth and on the other degradation of human life.

ENVIRONMENTAL EDUCATION

Social and above all economic development for more than a century was marked not only with the ruthless destruction of all the resources available to the

planet of the Earth, but also with the horrific destruction of the basic assumptions of life and survival of the human race, as well as some other species. With a lot of rights, we can say that we have lead more than a century a war against the "Mother Earth". We have come to the brink of the abyss, because we went to the uncontrolled destruction of our only Earth. Another aspect of our heavy defeat in dealing with this problem is found in more present effort that it be "postponed for the future". In fact, faced with warnings that what we do and how we do have serious and even catastrophic consequences for the survival of the human species as a whole, people are usually waved their hands, ie. accepted view that this should take care of future generations. In the first decades of the 21st century, we reached the boiling point. Trends of ecological disaster reached unimaginable proportions. Given the complexity of our biosphere and the countless interaction between earthly air, land and sea, is still among the scientists present uncertainty about what is to be happened with the natural environment. But despite all this, scientists-ecologists agree the following:

First, they all agree that the rapid development of technology creates a dangerous "greenhouse effect" - global warming, the consequences for the entire ecosystem of the earth. Increasingly, in the media can be heard an appeal for the reduction of gases that cause the effect of "greenhouse gases".

Secondly, in accordance with above mentioned scientists-ecologists agree that it will take until the middle of this century, with be doubled the level of carbon dioxide, will be produced an average temperature increase of between 1.5 and 4.5 °C. Sea levels will rise as well as the temperature. What will happen to the ice fields of Antarctica (containing 90% of the world's ice) debates are still going on.

Third, they all agree that it is an alternative way of dealing with global warming is changing the way we live – getting out of the world of consumerism.

Fourth, today, there is almost no university center, in which they represented different forms of environmental education. It is insist by appropriate international institutions (UNESCO, UNEP, the International Union for Protection of Nature). There is a growing number of states that regulate this obligation, and the laws. This education goes from spreading environmental knowledge to very precise instructions and directions, which indicates the caution in the development of modern technology and organization of production processes which protect and improve the quality of life.

In the scientific community is divided an opinion on whether the educational system in the modern environmental education should be studied as a subject, or to be a multidisciplinary exercise - so it will permeate all subjects, ie. that cares about preserving the environment that permeates the entire modern educational system. Either way, two new environmental disciplines: social ecology and ecological economics (which is focused on sustainable development) in particular are gaining in relevance and importance. Increasingly is gaining importance and ecological cultures - "human ecology".

EDUCATION IN THE FIELD OF SOCIAL ECOLOGY

We have reached the boiling point. One must take into account the natural ecological order, if you want "do not to cut down the branch on which you stand". This means that it is necessary to reflect new concepts of economic growth and social progress. It is certain that today they can go only to a point that does not threaten the survival of the human species on this planet. With new social reflection of the relationship of society and nature created a need for new ethical standards. American essayist John in his book "The destiny of the country," specifically points to two such principles. The first principle is based on mutual love of all people to life on Earth and learning about the life-threatening situations. The second principle requires respect for the Earth and treating it like something is yours.

Social Ecology is a special sociology which for its subject matter has a specific relationship between man and his environment. It is a new scientific approach to conservation and development of modern civilization based on the concept of sustainable development, which is in the interest of all countries and peoples. This approach has led to the development of the concept of creating a permanent human development. In order to achieve this concept, first of all, it is necessary to leave the "excessive economic logic that rules over the world development" (Major,1997). One of the basic principles of social ecology is a requirement for the humanization of the relationship of society with nature - greening of human economic activity. Social ecology emphasizes the requirements for determining the limit of the respect of human activities on the biosphere. "Humanization of the relationship of man and society requires not only the greening of economic activity, but also greening of consciousness - greening of man's concept of directing social development" (Marković et al.,2012). This new ecological discipline is starting in the formation of our relationship to nature.

EDUCATION IN THE FIELD OF ECOLOGICAL ECONOMICS

Ecological economics is a new direction in environmental science, which unlike of classically economy (which takes into account only the laws of the market) is based on the analysis of the ways in which the scope of economic activity affects the system environment. And overall the starting point of modern ecological economics is that human activity must be limited capability of the environment. In short, the market is no longer a universal regulator. The essence is the rational exploitation of natural resources with minimal losses to the environment due to man's unscrupulous and uncontrolled exploitation. Special attention is given to non-renewable resources (which do not have their substitution) that must be protected at the cost of stopping the economic growth. In order to take into account the fact that the ecological and economic system are two parts of a whole. In a word, cannot be more classic economic concepts apply to both direct life but "economic activities must be put into the concept of biological and physical systems that sustain life, including all human activities" (Marković et al.,2012). The so-called microeconomics of the environment (a relatively new field of

science) at the center of analysis puts the relationship between economic production and major natural cycles of the planet. Simply said, insists on the rational exploitation of natural resources - minimizing losses to the environment that are due to the exploitation of human economic activity. The aim is to preserve for future generations natural advantages and beauty. To achieve this goal, the market cannot be universal regulator. This means that in modern ecological economics a central place occupies the concept of Sustainable Development use of renewable energy, organic agriculture, and so on. The ultimate aim is not the preservation of nature, but also its refining and humanization.

EDUCATION IN THE FIELD OF ECOLOGICAL CULTURE – „HUMAN ECOLOGY“

Ecological culture becomes theme of the day. It is encouraging that at the beginning of this century, generally speaking, on people start to penetrate the knowledge that something radical has to be changed in order to halt this fatal trend towards the destruction of the basic prerequisites for life on this planet. In short, the solution of these problems requires too much sacrifice of our consumer and other related needs, which is still difficult for us to agree. There must be changed the system of evaluation of man, and it is not possible to quickly and easily reached. Necessary is a new evaluation system, a new ecological culture - a more humane attitude towards nature. Our poet Miroslav Antic says the pollutants in nature result of polluters in people.

We say that today, ecology and environmental awareness are becoming spirit of the times as more and more talk about a new environmental culture - of man's human relation to nature. This gave rise to a new discipline in environmental science - "human ecology". Finally is realized that it is not enough to make a partial solution, but it is necessary to change man's view of the world, man's evaluation system. Building of values and beliefs is necessary, which could be reduced to the motto: "give more than take". So, "victory over nature means self-destruction of a man" (Koković, 2010). Great importance for the spread of ecological culture has a global environmental movement - "green movement", which brings together young environmentalists and pacifists all over the world, persistent "repairers" of awareness and fighters for environmental.

THE STUDY OF COMMUNICATION SKILLS

Speech is "the most common form and a means of interpersonal behavior as mutual understanding of other experiences facilitates a joint social action, to the education of society and leads to the creation and transmission of culture"(Kreč et al.,1981). Communication means notice by means of which the "I" reveals itself to others. The old belief is that the linguistic style of the man reveals his personality - his opportunities. It is often forgotten that well-known rule that it is not only important what is said but also how it is said. Because often than what they say

depends on the end result. Skillfully notified, the rights of information, with a clear objective, at the right time and the right place, it is often crucial for almost all high-quality business solutions, decision-making and human resource management. Speeds up the process and is in the function of the profit increase. Rockefeller said he would pay more for the skill of communication than for any other skill under the heavenly cup. Many experts in the field of communications considered that the 21st century in the business plan will be the century of communication. The success of the organization (company) is measured by the success rate of communication. Old rule that applies to a specific business problem solving 90% of the information we pay 10% and the remaining 10% of the necessary information, with 90% of the price. Communication, respectively exchange of information enables leadership, group and team operations.

Subjects of communication in business are all its members but managers are the ones who mostly communicate. Therefore successful managers must be familiar with the basic elements of the communication process, different types of communication, with the advantages and disadvantages of each, as well as communication barriers and the manner of their elimination. One of the key roles of managers in the modeling official (business) relationships and relationship is management communications. However, the pace of life is enormous, as much as their daily personal and business obligations are enormous, managers must respect the basic norms of behavior in the culture of communication. For without the management skills of communication there is neither successful teamwork nor progress and the success of a business enterprise, or any other institution or organization.

EDUCATION WHICH IS OF IMPORTANCE FOR THE DEVELOPMENT OF CRITICAL THINKING AND BUILDING OF AXIOLOGICAL AND ETHICAL ATTITUDES

The digital age significantly affects the radicalization of the education system. This necessarily implies a new more active and creative role of the main subjects of the educational process - teachers and students.

In particular, continuous innovation of educational technologies necessarily increases the involvement and creativity of students in the teaching process. It is necessary to encourage the development of their critical and abstract thinking. In a word, of a new, more creative role of students in the educational process as an imperative requires the development of their critical and abstract thinking.

Education in the field of philosophy and philosophical disciplines: logic with the methodology, psychology, axiology and ethics, especially can contribute to them.

PHILOSOPHICAL EDUCATION - THE FORMATION OF CRITICAL, ABSTRACT, DIALECTICAL WAY OF THINKING

The essential elements for the formation of critical, abstract, that is, dialectical way of thinking undoubtedly we find already in the concept and essence of

philosophy - in the introduction to philosophy. Namely, the philosophy arises from the tendency for wisdom. That tells its original name (fileosofos - strive for wisdom). "In the ancient Greeks philosopher was primarily a wise man who stood out with wisdom and the works" (Korać et al., 1982) - search for truth.

Philosophy begins its history by asking questions. They expressed curiosity of mind. One of the greatest ancient philosopher Aristotle pointed out that it is precisely this curiosity prompted the first thinkers to the philosophical observation of life. A decisive moment in it had a surprise. A surprise, he said, caused " when the awakened mind discovered that things are not and need not be what they seem within the limits of direct sensory experience" (Korać et al., 1982) (That is what they are pop-up, ie. manifestly). "To understand some difficulty and wonder is to acknowledge own ignorance". Only when a man realizes he does not know when he is aware, he begins to strive to learn. This is exactly what is essentially a tendency of which speaks the word "philosophy".

"Mentally deliberated issues arise when it becomes problematic, what is by now considered inviolable truth" (Korać et al., 1982). That is why the philosopher has no undisputed truth, no truth that must not and should not be doubted, and that is why it is said that the philosopher is a man who always answer turns into a question. Thus, philosophically, for example, ask why something is as it is and not otherwise, and so on.

Philosophy throughout its history developed through conversation, dialogue, controversy and criticism. Today is an important method of dialogue path to truth. Who can put a real question about what is unclear and uncertain, this contributes to more philosophical and scientific knowledge of the one who blindly believes in the finished truths, which uncritically accept what the pop - manifestly. Therefore, the essence of philosophy must be understood as the search for truth, as the road to discovering the truth, and not as a possession of the truth. Philosophy teaches us that we should never say that we know something, but we are trying to find out that we are on the road to find out.

EDUCATION IN THE FIELD OF LOGIC AND METHODOLOGY

Continuous innovation of educational technology in general and specific educational technologies in the methodology of teaching of social and humanistic sciences necessarily imply that students apart from education for critical-dialectical way of thinking must master knowledge of the basics of logic and methodology - especially the methodology of scientific research. They must master the basic laws of logic reasoning: induction (reasoning from the particular to the general) and the deductive reasoning (inference from general to the individual), as well as other forms of logical conclusion and judgment. And finally, they can not start work on the projects, which are the focus of a modern education system without basic knowledge of the methodology of scientific research.

AXIOLOGICAL-PSYCHOLOGICAL AND ETHICAL EDUCATION

One of the most important characteristic that distinguishes man from other living beings are his axiological and ethical skills - the ability to differentiate worthy of unworthy, beautiful from ugly, good from evil, the just from the unjust.

Axiologically education gains importance in an era of strong scientific and technological progress and globalization process, because they have a negative side. We live in a time of deep pragmatism, consumerism and ideologization of social consciousness. Herbert Marcuse in his paper (especially in his most famous work, "One-Dimensional Man") fights instrumentalized way of thinking, and, in principle, against the inhumanity of the new era. Modern society is totally ideologized. It is "in the name of mere quantitative growth excludes the versatility of life - narrow and impoverish the original human possibilities"(Markuze, 1968). We live in a time in which it was made copernicus reversal of human values to the world. It is rarely in history when it came to such a dramatic confrontation of ideals and reality, the ideological and moral. Ideologized world in which we live, accelerated all processes, dramatized all the questions. We live in a time of "the consumer society, the accumulation of political power, bureaucratization and technical rationality" (Golubović, 1982).

Ethics is the study of morality, but morality is manifested in assessing the value of human actions. Since the creation and development of each company is the eternal dilemma: whether business is conducted in accordance with morality and moral functioning of individuals, groups and businesses in general. The prevailing opinion is that "business without moral criteria and economics without ethics does not allow for longer-term and more stable results" (Damnjanović,2015). Therefore, today devotes particular attention to business ethics, in terms of theoretical and practical training for working personnel. In particular, we pointed out that the scramble for uncontrolling increase of profits increasingly must become the past, and that business ethics must be more to contain more human relationship to nature. It is necessary to harmonize the business and environmental ethics, because it is the precondition of environmental protection and sustainable development, ie. the survival of life on Earth.

TECHNOLOGICAL INNOVATIONS, NEW EDUCATIONAL POSSIBILITIES IN TEACHING OF SOCIAL AND HUMANISTIC SCIENCES

“We live in an era of mass use of the Internet and electronic learning resources. For several decades, the Internet and information technology are changing our overall life. Information technology has greater application in the field of education. Traditional teaching, especially "living thing " and equal (dialogue) communication between teachers and students, however, still have not lost their importance in the field of social – humanistic sciences, although" digital natives, as they are also called the growth in the media environment which from

the foundation is changing the role of the traditional school" (Vujisić Živanović, 2012).

Multimedia are designed in a way to hold didactic functions, such as, for example, motivation, possession of information, instructions for work, giving feedback, etc.

Already at the end 20th century Western European development of education received new impetus and direction. The cornerstone was laid by the "White Paper on Education" (adopted by the EU in 1996), the document whose main objective is the harmonization of education, the system of training and further development in the context of the overall future development of Europe. Although, "the white paper" essentially marked the beginning of changes in the education system of countries of European Union, but still concrete directions of future joint actions were identified by a document which quickly followed - "According to the learned Europe" promotion of wider access to education and its continuous improvement and modernization. In creating such an open and dynamic education, as says Slavko Karavidić, are especially isolated three dimensions: "knowledge, strengthening the rights of citizenship and competence - capabilities" (Karavidić, 1997). In line with that the EU by the end of the 2000 prepared a comprehensive basic document "Memorandum on Education", which offered a working definition of lifelong learning, as a deliberate learning activity that can be accomplished and aims to improve the knowledge, skills and competence. Memorandum suggests three types of learning. The first is the formal, which is realized in educational institutions. Second is informally that are received outside these institutions. Third is daily learning, which is the essence of the man's own efforts to continuously increase knowledge and skills in order to be in constant contact with enormous tide of information and daily newspapers in the scientific and technological, economic and overall social development.

Just this fact offers new educational opportunities in teaching of social and humanistic sciences. This is of great importance, because in this area the process of teaching was frontal and even to a large extent and abstract. In short, the teaching of humanistic sciences had a reproductive teaching, passive (inactive) role of students. Inclusion of multimedia technology in the teaching process is expected to overcome, first of all, the monotony in teaching of students and inactivity. There is a possibility that the students for their critical-abstract thinking and creativity come to new ideas. Necessary is communication between student-teacher, various forms of group work, and, above all, more initiative, independence and critical-analytical approach of students. Rightly is expected that this provide technological innovations in the methodology of teaching in the field of humanities. "The new approach in teaching, learning of new technology, communication, information processing, management of teaching, teaching and planning in education" (Tofler,1975).

Multimedia technology, smart electronic pads, virtual schools are some of the new technological opportunities in the methodology of teaching of the social and humanistic sciences.

BLOGGING

A new approach to learning is blogging. It provides new opportunities for non-formal approaches to education. It provides significant advantages in expressing their individual abilities and interests of individual students. This way of communication enables various extra-curricular activities in terms of working with gifted students, managing smaller projects, directing emergency interests of students. Especially "kidblog" enables the students to write articles and comments.

THE SOCIAL NETWORKS

They are special and specific opportunities of general education content. They connect people of the same or similar education, which may further expand the capacities of the education and training of students. This is the position in which the student self-managed learning process through solving of problem and in cooperation not only with the teacher but also with those who have the same interests. Using electronic social networks, "teachers are involved in active learning along with their students - also opens the possibility for cooperation of teachers not only more of the same but also from the related fields" (Jovanović,2012).

DISTANCE LEARNING AND E-LEARNING

Distance learning is a very old way of learning, which is conditioned primarily by the impact of the location distance. To mention only that it is a thousand years BC King Solomon used carrier pigeons to transmit messages. Today, distance education is the most common means of communication through technology - e-learning.

In the context of e-learning are differed four disciplines: (1) distance education - current world approach to learning, which involves the use of textual materials, video information and multimedia presentations; (2) education at the right moment - employees are occasionally sent to training in a particular discipline; (3) using the Web's education with the help of the resources that are on the Internet; (4) education throughout life - the concept of lifelong learning.

Topicality is learning via the Internet. The basic prerequisite for this type of learning is the possession of a computer with Internet access. Many of universities in the world are increasingly practiced for teachers to teach at their respective faculties, and it is transmitted over the Internet to other faculties, which significantly reduces material costs of education.

Thus, technological innovations in the methodology of teaching in social and humanistic sciences have expanded educational opportunities. Giddens suggests that we are speaking of "classroom without walls". New technologies in the social and humanistic sciences are a synthesis of the development of telecommunication, television technology and the development of artificial intelligence. So, saving of knowledge, information and facts are more and more methodological past.

The use of new multimedia technologies, a new approach to learning - especially distance learning and e-learning in teaching of social and humanistic sciences, in our region, however, has not provided the expected even close results. A huge percentage of the surveyed students believe that it does not achieve the appropriate effects, to acquire less knowledge - that still there must be direct contact between teachers and students in order to clarify the practical application of certain contents.

METHODOLOGICAL RESEARCH FRAMEWORK

The subject of research is the feasibility and importance of social and humanistic sciences in the education systems of the digital era, as well as the specificity of new methods of teaching in them.

The aim of the research is to demonstrate the importance of social and humanistic sciences in the digital age.

The task of the research is to explore the attitudes and opinions of students about the importance of social and humanistic sciences in the education system and new methods of teaching in the digital era.

General research hypothesis:

Hypothesis: social and humanistic sciences are important and necessary in the digital era.

Auxiliary 1: social and humanistic sciences are important to prevent the negative consequences of scientific and technological progress and globalization process;

Auxiliary 2: social and humanistic sciences are important because of the new creative and active role of students in the classroom.

Sample consisted of 378 students of colleges and high schools. The survey was conducted among students at the Faculty of Hospitality and Tourism in Vrnjacka Banja, College of Business Economics and Entrepreneurship in Belgrade High technical and engineering school in Trstenik and Business College of Vocational Studies of prof. Dr. Radomir Bojković in Krusevac.

Student Survey was conducted from December 2015 to March 2016, through questionnaires.

The questionnaire is open and consists of 19 questions that are attached to the paper.

ANALYSIS AND DISCUSSION OF RESEARCHED RESULTS

To the question "What do you think about the importance of education in the field of social and humanistic sciences in the digital age" 90.98% of the students answered that it is necessary education in this sphere, only 3, 47% disagreed, and 5.55% have no attitude on this issue.

Some of the students' answers:

"Education in this field is very important because it contributes to the progressive and humane development of man and society as a whole".

"It is very important because I think that the digital era dumbing down people and contributes to autism and people association".

"It is very important because it is an essential part of everyday life".

To question "From which social and humanistic sciences in your opinion have the necessary education in the digital era", we get the answer that they are scientific disciplines by them that could shed light on the negative side of scientific and technological progress and globalization process 61.1% of students stated the following social and humanistic sciences: sociology, economics, environmental economics, communication, and 38.89% of the students stated as important scientific field of philosophy with logic, ethics, psychology and axiology.

"How much is essential ecological education" is a question that reveals the attitude of students towards their ecology and environmental awareness. Even 98.22% of the students responded that the possession of knowledge in this field is the most necessary nowadays".

Representative answers:

"Environmental awareness is very important, because it called into question the survival of all life on this planet".

"More and more it becomes necessary due to the situation in which the planet is located".

It is essential, as environmental awareness in our young people is at a low level".

In accordance with the results and the answers to the previous questions is not surprising that 70.1% of respondents said that environmental education should be studied as a separate subject, 11.1% think that it should be spread through all subjects, and 18.8% of students emphasize the necessity of great ecological education but considered that it should be studied as a separate subject and as part of other subjects where possible.

To the question "How much for you is significant training in ethics and business ethics?" Positive response gave 96.20% of the students as a significant and very important skills to be possessed.

Representative answers:

"It's very important - business ethics is a prerequisite for successful functioning and operations of each company".

Very important - one must act ethically and make ethical decisions in life and the business world".

To modern society is very important, because in its ethics and business ethics are at a very low level".

To the question "What is the significance of the study of communication skills?" We learned that young people recognize the great importance of communication and even 97.44% of the students responded that they were of great importance to study and possessing communication skills".

Representative answers:

"I think that's the most important, because without communication skills there is no success in any field".

"Very important because of that kind depends my overall career".

"Huge importance, because I think it brings a successful way of communicating at least 50%, if not more, success in business".

Radicalized education system as imperative sets a requirement for new more creative role in teaching of students – from students are expected critical thinking and reasoning. "Which social and humanistic sciences can contribute to your critical thinking and forming of axiological and ethical attitudes?" There were distinguished the philosophy with logic, ethics, psychology and axiology. These scientific fields were prompting by 38.89% of the students. The reason of smaller percentage may be primarily as a large number of respondents completed secondary school, which was not represented education in these fields, but not in higher education institutions who attend them do not exist or they are not sufficiently.

"The digital era brings technological innovations in the methodology of teaching. New technologies based primarily on the application of artificial intelligence to significantly change the traditional way of teaching, especially "ex cathedra".

The results of our study clearly indicate that in the social and humanistic sciences the classical ie. verbal teaching is not yet past, "word of mouth" and dialogue between teachers and students have an alternative.

To the question "Does and why verbal teaching in the field of social and humanistic sciences is already past?" 88.9% of students believe that traditional teaching is not yet exchangeable for new intellectual technologies.

Representative answers:

"It's not the past, verbal teaching is still the best way to transfer knowledge and develop thinking".

"I think it is not the past, although the Internet and IT are changing the world".

"It's not the past - direct communication between teachers and students, enhances the quality of teaching".

"It's not the past - teaching should be modernized, but the "living word" is still the most important".

"It's not the past - we live in a material world with a tendency to simplify human capacities".

The next question to be singled out as the object of analysis is "What do you think about distance learning and e-learning in the field of social and humanistic sciences?". Analysing the responses to this question, we came to the result that

86.46% of students have a reserved and negative to extremely negative attitude towards distance learning, ie. 15.98% of students have reserved attitude, negative attitude have 50.08% of respondents, a very negative 20.40% of the surveyed students on distance learning.

Representative answers:

"The nice idea, but inefficient – you acquire the less knowledge".

"This is today's trend, but I do not think that is a good approach - I do not see that power transferred by the trained professional, affirming the students and enjoying their competence".

"Stupidity – to be abolished as soon as possible otherwise we will turn into robots".

"This is just a great idea for people who suffer from social anxiety".

CONCLUSION

The time in which we live is marked by a strong and often uncontrolled scientific and technological development. Present - the third millennium we can understand only if we realize that the world in which we live is not the continuation of the past and that, therefore, the history of (former teacher of life) is less able to learn what could be used and applied in the future. Alvin Toffler in his futurist study "the third wave" indicates that the third (and we would add upcoming fourth) scientific and technological revolution is not connected to previous two. It brings a truly new way of life, a radical change in lifestyle, but also a whole structure and dynamics of contemporary society. This new civilization is both the technology and the counter-industrial. It writes us a new Code of history that means a complete break with the codes in the history.

Especially, this powerful uncontrolled scientific and technological development, ie. the second - negative side of scientific and technological progress generates new civilization, which we write a new code of conduct, more important and more education in the field of humanities. The scramble for profit is more in the past. More and more the importance and topicality is losing American pragmatic philosophy (James, Djuj, Pierce) at which it makes sense to think only about the things of which has practical benefits. We must not abandon the basic principles of axiological (value scale), which are fundamental postulate sense of our lives. We can not sail into the world of consumerism - "kitsch", where in the name of mere quantitative growth excludes the versatility of life - narrow and impoverish the original human potential. In which, on one side there is the accumulation of wealth and on the other degradation of human life. If in the future is realized the consumer and ideological mentality, then mankind will come in the position of having uniform to such an extent that in the uniformity of losing a man, his personality and his creative power. Often we trust that the scientific-technological and economic progress by themselves, without any restriction and control are the basis of all progress, prosperity and progress. Unfortunately, we are witnesses to the fact that science for decades less distinguish

good from evil, it is equally involved in the creation and destruction. In short, the throne is the dominant technocracy under which belong all the ethical demands of the modern world.

Students, young generation, have the right to independently build their future - to tell the time and being labeled by themselves as independently as possible. Instead to name their virtues and the needs for them to try and encourage the free development of critical way of thinking and reviewing the existing.

The time in which we live is a time of educational alternatives - the time of modernization of the teaching. The teacher is there to train students to quickly and easily find the information useful to remember only what they need, because the information is in particular in the field of socio-humanistic science more comprehensive, sometimes it is difficult for them to handle. Especially in the field of education the teacher must encourage students to think critically, to democratic dialogue, concise presentation of hypothetical positions, and, finally, work in scientific research projects.

This digital era is marked by new technologies in the methodology of teaching. New technologies based primarily on the use of artificial intelligence significantly change the traditional methodology, especially teaching "ex cathedra". Results of the research we conducted on several of our higher education institutions, however, clearly show that the classic verbal instruction, especially, "living word" and open dialogue between teachers and students still do not have their alternative in teaching of social and humanistic sciences. A very high percentage of interviewed students is particularly reserved to the end of the reserved and even negative attitude towards distance learning and e-learning. The surveyed students believe that today's trend, but is still just a "nice idea", inefficient, one gets the less knowledge than in classic verbal teaching. It is still necessary direct contact between teachers and students to interpret, and clarify the practical application of certain content. The necessary power is transmitted by trained professionals affirming students enjoying their competence - nurturing their creative skills: critical thinking, reflection, review and formation of value judgments.

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HUMAN CAPITAL AND DESCENTRALIZATION OF EDUCATION - THE CASE FOR TLAJOMULCO DE ZÚÑIGA, JALISCO

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ABSTRACT

This paper aims to analyze and determine the human capital in the process of decentralization of education in the municipality of Tlajomulco de Zuniga, Jalisco. This objective intends to confirm the positive relationship there is between direct schooling-income intended to measure how variables impact and generate income variations directly in the progress of the project. So, in the initial human capital hypothesis regarding schooling in relation to income a new variable that influences positively integrates. The research is mainly empirical evidence through mathematical, statistical and economic analysis. The results confirm the theory of human capital through the impact of a higher level of education on income of individuals in their work.

Key words: *Research, Human Capital, decentralization, México.*

JEL Classification: *I210, J240*

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INTRODUCTION

The objective of this study is to confirm the theory of human capital through the impact of a higher level of education on income of individuals in their work, this by empirical evidence through mathematical, statistical and economic analysis for the municipality of Tlajomulco de Zuniga, Jalisco.

Human Capital is part of the 3 factors of production and therefore it is essential for growth and economic development of a country. Therefore it requires a thorough and detailed study. There are theories concerning this issue and gradually their knowledge has grown and its validity is accepted by the theoretical and practical economy. These works study how the expected income of individuals with variables such as education, experience, gender, training, proficiency in a second language is related, among others, in order to explain how these variations occur and what factors influence more than others.

Among the authors who began to study human capital may be mentioned Jacob Mincer (1974) known as the father of human capital, Thomas Davenport (2000), Theodore Schultz (1961) and Gary Becker (1964) mainly. According to Thomas Davenport (2000) in a company the main thing is the person, who will be what will give value to the organization. They point out the importance of investing in education. Thus, in the future an individual to enter the labor market has the possibility of obtaining greater salary than that of the person that has a lower level of education. Indeed, research and empirical evidence confirms the theory of human capital. In the case of Mexico there are records of investigations from 2000 which show the positive relationship between income and education.

Specifically, in the case of Jalisco a project with the municipalities in the metropolitan area of Guadalajara (MAG) in order to measure how variables impacted and generated variations directly in income on the progress of the started project. It was confirmed for some municipalities that education is key for greater income. However, the reason why this research was conducted in the municipality of Tlajomulco de Zuniga, it was with the aim of confirming hence the direct positive relationship schooling-income.

This paper is divided into five parts. The first part mentions the human capital of the way how it is integrated into the production process and what is its importance for economic growth and development. Then, it analyzes what is the current situation regarding education levels in the country, its comparison with the state of Jalisco and its municipalities. Finally, an outline of the number of schools at different levels of education for the municipalities that make up the MAG is presented. The second part covers the issues concerning the theoretical framework of human capital, from its concept, characteristics, pure Mincer model, determination of rates of return from the function of profit, factors that alter this pattern, reviews and theories that support this focus.

In the third part, the study shows the local development and the possibility for entities, to be concrete, municipalities to take over sectors such as education, i.e., that

the present decentralization and power pass into the hands of the municipalities would benefit to these areas. Furthermore, the process appears followed in the country around this approach over the years and what results has now. The fourth part is formed primarily by the methodology used and the data of the survey conducted and an explanation of the variables used in the econometric models. After estimating 9 by regression analysis models describing the outcome of each to verify or disprove the theory of human capital is presented. Finally, a comparison of the results obtained in the analysis with research done to other municipalities in the metropolitan area of Guadalajara is presented. This with the intention of seeing in those municipalities where are presented more variations on the income of individuals.

In the fifth part are presented the conclusions and recommendations for the municipality of Tlajomulco de Zuniga that arise with respect to guidelines to follow or to improve local education, so that people are more prepared and therefore their productivity increase and become more competitive in the labor market. The last part collects general information about the municipality of Tlajomulco de Zuniga, the databases of the survey and information on the population by level of schooling and average degree for the country and municipalities in the state of Jalisco.

EDUCATION IN MEXICO

ANALYSIS ON EDUCATION FOR MEXICO AND THE CASE OF THE STATE OF JALISCO

For there to be development and growth in a country it is essential that the population has a high quality education and training. By educational background it can be understood the level of education of the individual. In Mexico, it is classified by: Preschool, Primary, Secondary, High School and University. In the latter, postgraduate studies such as masters and doctorates are included. Each level of schooling provides the individual the tools to build the necessary knowledge in academia and when increased this, the person can specialize in a specific area which in the near future will provide benefits. Since it will allow it to become a competitive being in the job market, obtain decent jobs, and yet there is a monetary income of the effort made.

In Mexico, education is compulsory up to the high school level, as it marks the Constitution of the United Mexican States in its third article: "Everyone has the right to receive education. The State -Federation, States, Federal District and municipalities, provide preschool, primary, secondary and upper secondary education. Preschool, primary and secondary education in the basic education; this and the high school are mandatory".

This education requires certain elements needed to be offered to a nation and this is where the Federation is responsible for carrying it out. Through the Ministry of Public Education (SEP), it was offered to society the education required by infrastructure for schools, libraries; teaching materials, furniture, teachers, etc. All

this requires an expense. This public expenditure on education includes government spending on educational institutions, educational administration and transfers to local authorities.

The National Institute of Statistics and Geography (INEGI) through the National Population and Housing Census (CNPV) presents indicators concerning education that give a national and by state average educational level of the individuals perspective. The following graph shows the average level of schooling captured by CNPV for 2010 is presented (See Figure 1, below).

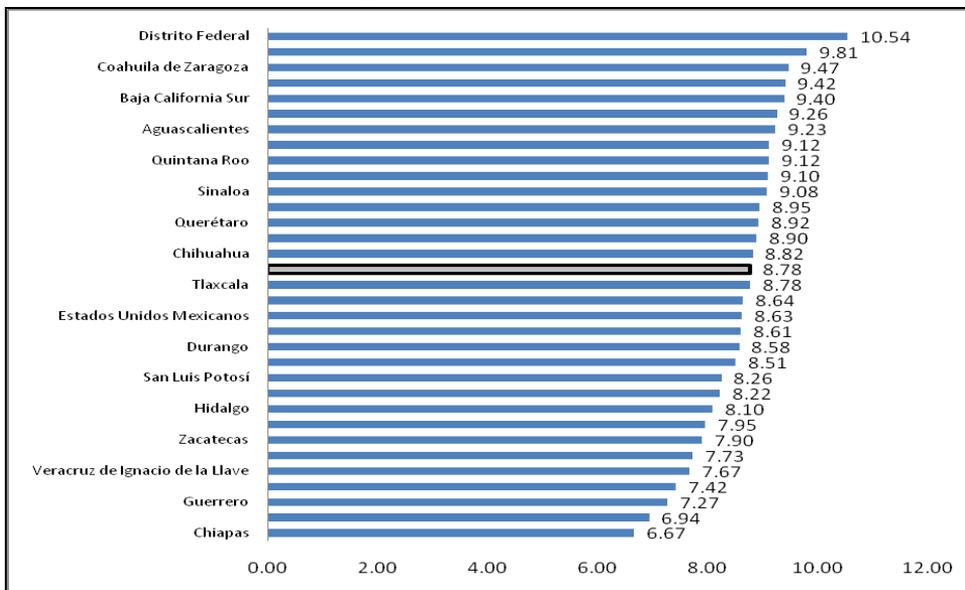


Figure 1: Average schooling degree by state in 2010.

Source: Based on data from the Census of Population and Housing in 2010.

In the figure it is presented the degree average per state of the Mexican Republic. As it can be seen, the national average is 8.63, i.e. on average the population aged 15 years and over in the country has a level of education completed through second grade high school. Taking into account the above, it is a low level and even it can be deduced that the country is poor speaking in terms of education, while making a comparison with the census conducted in 2005 which showed that the national average was 8.1, it has been an increase in the educational level of the nation.

In the case of Jalisco the grade average it stood at 8.78, which was the same as the state of Tlaxcala and took place 16 out of 32 states and a federal district. First is the DF with an average of 10.53, i.e. an average level of a year of high school finished. In Figure 2 the municipalities in the metropolitan area of Guadalajara (MAG) are integrated. It can be seen that the largest municipality with academic training is Zapopan with 10.38 degrees in average schooling. There is a considerable distance from this with the jump nearly 3 degrees of schooling. Specifically and in relation to the interests of the investigation the municipality of

Tlajomulco de Zuniga is located in third place with its population of 15 years and over with completed secondary, only below Guadalajara and Zapopan is presented.

More specifically and making a comparison of the municipalities of the MAG with others of the state of Jalisco is presented below a box that exposes the 20 highest average rates of schooling State in 2010.

Being a municipality that has little to integrate into MAG, it can be highlighted the fact that to prepare the native society of the municipality is priority of local government in turn.

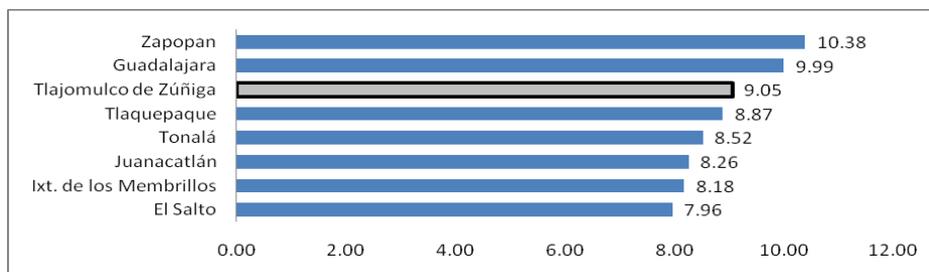


Figure 2: Average length of schooling for MAG in 2010.

Source: Own elaboration based on data from the Census of Population and Housing in 2010.

As shown in table 1 below, effectively MAG municipalities are within the top 20 but not continuously. Zapopan and Guadalajara lead the list in that order. The biggest distinction is evident in the place that belongs to the municipality of El Salto as it is in 21st place; this is too far from the average of the other municipalities. It is worth mentioning that there are some municipalities that enter the list not to think that have the possibility either small or their remoteness from the urban area like San Marcos, Etzatlán, Sayula, El Grullo, Amatitán, among others.

EDUCATION IN TLAJOMULCO DE ZUNIGA

The infrastructure is a fundamental part for a society to have a quality education, this by building schools and schools from preschool to higher level. The municipality of Tlajomulco de Zuniga in 2010 had 161 pre-schools, 157 primary, 60 secondary schools, 20 high schools and 20 schools in training for work. To analyze the level of infrastructure are presented in the following table 2 the same data for the municipalities that make up the MAG.

The table 2 shows the differences between the municipalities of MAG on the type of schools they have. In preschools, first is the city of Guadalajara, and it is expected this result because it is the state capital of Jalisco and therefore where most of the population is concentrated. In this order, Zapopan, Tlaquepaque, Tonalá and Tlajomulco de Zuniga maintain more than 100 schools each one.

Table 1: Average length of schooling for the municipalities of Jalisco in 2010.

Number.	Municipality	Average degree of schooling
1	Zapopan	10.38
2	Guadalajara	9.99
3	Zapotlán el Grande	9.44
4	Puerto Vallarta	9.36
5	Tlajomulco de Zúñiga	9.05
6	Tlaquepaque	8.87
7	Autlán de Navarro	8.64
8	Chapala	8.63
9	Tonalá	8.52
10	Ocotlán	8.42
11	Juanacatlán	8.26
12	Sayula	8.24
13	Ahualulco de Mercado	8.23
14	Ixtlahuacán de los Membrillos	8.18
15	Etzatlán	8.14
16	Acatlán de Juárez	8.14
17	El Grullo	8.12
18	Tuxpan	8.11
19	Colotlán	8.09
20	San Marcos	8.00
21	El Salto	7.96
22	Tequila	7.95
23	Ameca	7.94
24	El Arenal	7.89
25	Amatitán	7.86

Source: Own elaboration based on data from the Census of Population and Housing in 2010.

El Salto, Juanacatlan, and Ixtlahuacán of Membrillos are left behind with less than 100 schools. In the case of Tlajomulco de Zuniga, its level of schools could be accepted due to the growth experienced in recent years. The population begins to clump together in the region and the demand for education is evident.

In the case of primary schools, it is maintained the same order only that Tlajomulco de Zuniga scale up one place and let down the municipality of Tonalá. With regard to secondary schools the order is maintained in Guadalajara by having 232 followed by Zapopan, Tlaquepaque, Tlajomulco de Zuniga, Tonalá, El Salto,

Ixtlahuacan of the Membrillos and their respective figures de 192, 63, 60, 41, 19, 9 and 4. As it is noted, as the level of education increases the number of schools decreases in the municipalities. In high school the order remains constant only that the school type training for work is zero in the municipality of Juanacatlán and also in its previous level of education.

Table 2: Schools preschool, primary, secondary, high school and training for the work of the GMA.

	Jalisco	Zapopan	Guadalajara	Tlajomulco de Zúñiga	Tlaquepaque	Tonalá	Juanacatlán	Ixt. de los Membrillos	El Salto
Preschool	5378	623	768	161	252	179	11	21	62
Primary	5937	521	715	157	204	167	15	23	64
Secondary	1910	192	232	60	63	41	4	9	19
High school	758	95	145	20	32	18		3	5
Training	623	64	290	9	30	14		3	3

Source: Own elaboration based on data from INEGI.

With this explanation it can be concluded that the municipality of Tlajomulco de Zuniga is located in the fourth place of all municipalities from MAG. This position was for the year 2010. Education in this part of Jalisco it is good compared to the municipalities of smaller population or for whatever reason they are lagging behind in support from the State or the Federation.

THEORETICAL FRAMEWORK

INTRODUCTION TO THE CONCEPT OF HUMAN CAPITAL

Economic growth can be defined as the increase in income and services produced in an economy in a given period. Within the production process are involved production factors. These are: land, labor and capital. The land is represented by all soil resources, mining and natural in general. The value of land depends on many factors such as proximity to major urban centers, availability of natural resources, climate, etc. The work factor integrates all the capabilities of the worker as physical, mental and humanities that are necessary for the production of goods and services. This effort of the worker intends to obtain economic benefit, in this case, a monetary benefit interpreted as income.

The capital is essential for economic growth. This is the result of the accumulation of human production and through which productive assets and services that serve to generate wealth and improve the quality of life of a society will be obtained. One can distinguish three kinds of capital:

- Physical capital
- Human capital
- Financial capital

CONCEPT OF HUMAN CAPITAL

The concept of human capital is defined as the knowledge, talents, skills and abilities in which the individual invests throughout his life to satisfy his personal welfare and increase productivity in the labor market. This investment is mainly in education. In addition to increasing his income on the labor market, contributing to improvements in health, culture, higher social status and prestige.

Initially human capital was seen as a factor of production, where no knowledge is required prior individual had acquired in an educational institution. Thus, the physical capacity only cared that this had to work. Adam Smith disagreed with this concept: The individual insisted that drove economic activity through the skills acquired for which he paid a price. These skills became fixed and realized capital (Keelay, 2007, p.30). While for capitalism labor was essential that was generated for economic growth, it began to notice that the fact that an individual will feature skills, talents, knowledge, among others, caused the productivity of this work area increased and therefore benefits in production processes would be greater. To quote Adam Smith (1819):

"The annual product of labor of any nation can increase in value, increasing either the number of productive workers or the productive forces of those workers who have been employed previously. It is evident that the number of productive workers could never increase if not as a result of increasing capital funds to keep the productive forces of the same number of workers cannot be increased but as a result of either the increase and improvement of the machines and tools that facilitate and reduce the work or a more appropriate division and distribution of employment, in any case, an additional capital is almost always required. "

Gradually, it began to attach importance to human capital, because at first the theory was criticized due it did not represented anything to capitalists focused on other interests. Thus, the issue drew the attention of people like Theodore Schultz (1961), Gary Becker (1964) and Jacob Mincer (1974), which would provide knowledge and stressed the importance of human capital. On the one hand, the work of Schultz emphasized that human capital, specifically education, was a key pillar to economic growth of a nation. Also for Schultz, the investments to be made in education would ensure positive rates of returns. Meanwhile Becker, in addition to supporting the work of Schultz, said the family nucleus is like a business, because the increasing income of this, parents invest in better education for their children and welfare will be greater.

CHARACTERISTICS OF HUMAN CAPITAL

For the Theory of Human Capital (TCH), investment in education increases individual productivity in his work area, i.e., the more years of schooling has accumulated the increase in income will be higher compared to the individual who has no studied or his income level is lower. Investment in education will be given to the point where the individual note that the marginal return on this investment is

greater than or equal to the rate of return on alternative investments, i.e. that benefits from study are greater than engage in other activities.

For TCH capabilities that comprise a person are developed throughout his life, this is clear, through education, but there are some "skills" that could be defined as innate because every human being develops better in other activities for the environment that has surrounded him all his life, this without learning that requires an investment. Davenport (2000) emphasizes that human capital is composed of an equation in which integrate the ability. This is composed by knowledge, skill and talent of the individual. Knowledge that is that intellectual context interact the individual, skill where the person develops in an activity with ability, intelligence and disposition, and finally the talents are those innate abilities that the person has special in some activity (Figure 3).



Figure 3: Return on human capital
 Source: Taken from Contreras (2010, 19)

However, human capital acquired by the individual cannot be stolen, what does is profiting by offering it in the labor market. But this human capital should continue to grow, being updated, because otherwise the new information, technological innovation, new social problems, among others, would leave obsolete the individual and his chances of getting an opportunity in the labor market would decline in a way more than proportional. The fact to study brings many benefits; these can be classified as monetary and nonmonetary. Within the monetary benefits include the following: By increasing his knowledge through a level of education increases individual productivity in the labor market and thus the salary that will rise proportionately.

As can be seen in Figure 4, increasing the level of education increases the salary of the worker and makes it more competitive. Speaking in terms of human capital without monetary benefits of increasing levels of education, this would not exist. Another benefit is that by increasing the level of knowledge, the individual grows and develops cultural skills, financial, health, social, among others, that make a human being more capable and interested in their social environment. See figure 4.

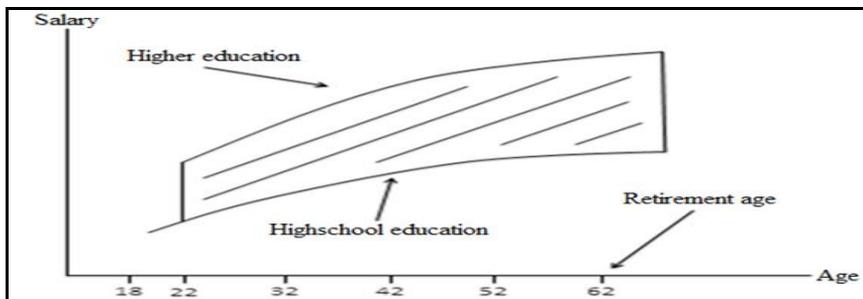


Figure 4. Profile of income by level of education of the individual.

Source: Taken from (Lassibille, 2004), *Handbook of Economics of Education: Theory and case studies*.

Now, within these non-monetary benefits are as follows: better health care, food consumed cultural and social activities that are performed. Apart from this the individual to increase his salary access to other interests, like going to plays, exhibition galleries, access to training, class changes in society benefit.

INTERNAL RATE OF RETURN OF EDUCATION

In short, some of the most important ideas for the human capital which have a direct impact on income and labor supply are as follows:

1. The time devoted to work activities will increase because more education higher wages for workers.
2. Having a higher education level in the job will be more and there will be a reduction of unemployment.
3. The individual who has a lot of knowledge and a high level of education also load more years of life and increase his employment opportunities that exist in the experience, training and skills for better jobs.

MODEL OF HUMAN CAPITAL

In the TCH in income level of the individual will not depend solely on the level of education. In addition to this there are other variables such as experience to be acquired, skills to reinforce or learn to perform these activities; knowledge captured by the new information provided will cause that human capital increase ever. This will make it more competitive in the labor market. Time is a key factor for human capital and is not describable by a static model in the market for educational services. It requires a dynamic optimization model that defines as investment in human capital leads individuals to perceive better future income. In this way the individual will invest in education until it is fulfilled for the marginal unit of education equation:

$$\int_0^t C_i e^{-ri} di = \int_t^T R_i e^{-ri} di \quad (III.1)$$

Where:

C_i = Is the cost of the marginal unit of education and training in the period i .

R_i = The performance of such training in the i th period.

r = Is the interest rate.

Suppose t is years-long education and T is the time when the individual decides to work. If $i = 0$, the base period is the one where education begins. As such, the individual will invest in education to the point where the marginal unit of education is met. This model of investment in education can deduce that: the larger the distance between t and T performance will be higher because the knowledge gained will be reflected in the level of wage compensation. Within the horizon time, T , it may be mentioned that the earlier it start investing in education, performance is maximized because the years to be allocated to the labor market will be at an early age and have no impact on factors such as health, aging, human capital updated, among others.

MODEL OF SCHOOLING

At first it was assumed that the human capital of the individual was acquired only in the period of schooling and investments are concentrated in the early years of his life. At the end of these years begins productive activity that extends to the retirement stage, T ; during the $(T - s)$ years of professional life the individual does not invest in some training. With this, coupled with the hypothesis that human capital does not depreciates by making use of it throughout his life can be inferred that the compensation profile is flat in this work stage.

This is expressed as follows:

$$LnE_t = LnE_0 + \sum_{j=0}^s r_j k_j \quad (III.2)$$

Assuming that the production costs of training in education are integrated by the opportunity costs, and then K_i is equal to one and have the following:

$$LnE_t = LnE_0 + \sum_{j=0}^s r_j \quad (III.3)$$

In this equation LnE represents the expected income logarithm; r_j is the marginal rate of return on investment applied in the school year j y $\sum r_j$ and represents the performance of all school years.

The latter can be defined as:

$$\sum_{j=0}^s r_j = r_s s \quad (III.4)$$

Thus the potential income is shown as follows:

$$LnE_t = LnE_0 + r_s s \quad (III.5)$$

And the net income of the individual can be expressed as:

$$\text{Ln}Y_t = \text{Ln}Y_0 + r_s \quad (\text{III. 6})$$

For the application of this model in the investigation, its expression is as follows:

$$\text{Ln}ing = f(\text{Esc}) + \varepsilon \quad (\text{III. 7})$$

$$\frac{\delta \text{Ln}ing}{\delta \text{Esc}} > 0$$

Where:

Ln ing = expected income natural logarithm

Esc = Schooling

ε = error term disturbance

This model relates linearly the logarithm of income of the individual with years of schooling. Thus with the econometric estimation performance is evaluated investment in education.

EXPERIENCE MODEL

Throughout its productive stage the individual acquires knowledge in the labor market that can be defined as experience. So in the initial human capital hypothesis regarding schooling in relation to income this new variable that influences positively integrates with income this function is defined as:

$$\text{Ln}E_t = \text{Ln}E_0 + r_s s + \sum_{j=s+1}^{t-1} r_j k_j \quad (\text{III. 8})$$

Where $\sum r_j k_j$ represents the total contribution of professional investment income, which can be expressed as follows:

$$\sum_{j=s+1}^{t-1} r_j k_j = r_p \sum_{j=s+1}^{t-1} k_j \quad (\text{III. 9})$$

Based on the theory of investment in human capital, the proportion of income invested during each period (k_j) decrease over the life cycle of the individual. With support from Mincer, professional investments made at a time (j) can be represented by a linear function decreasing with time spent in the labor force:

$$k_j = k_0 - \left(\frac{k_0}{T}\right)j \quad (\text{III. 10})$$

Where (k_0) is the gross income invested during the first period of professional life, (j) measure the years of professional life and (T) the total investment period. Gross income is expressed by a parabolic function dedicated to the professional life, where:

$$\text{Ln}E_t = \text{Ln}E_t + r_s s + r_p k_0 t - \left(\frac{r_p k_0}{2T}\right)t^2 \quad (\text{III. 11})$$

So net income (gross income - training costs):

$$Y_t = E_t - C_t = E_t(1 - k_t) \quad (III.12)$$

In this model the performance of education and experience of the individual's income is estimated.

MINCER MODEL

The analysis of education yields requires tools that verify the benefits that this entails contrasted with reality. In 1974 Jacob Mincer unveiled an equation which helped analyze and quantify these yields. To determine this equation Jacob Mincer (1974) took two fundamental approaches. These were: the skills that determine the individual's income are observable and these are not normally distributed. Before conceptualizing the model, Mincer (1974) defined the importance of age-income and income-education, called Mincerian income functions. In these functions is related personal income (Y) of the individual to the years of schooling (Esc), expressed as follows:

$$Y_i = f(Esc_i) + \varepsilon_1 \quad (III.17)$$

To this function must be added a variable representing the post-investment period called years of experience (Exp), which is expressed as age minus years of schooling minus 6, that is:

$$Exp_i = (Edad_i - Esc_i - 6) \quad (III.18)$$

Thus the model of human capital (CH) would be expressed as follows:

$$Y_i = f(Esc_i, Exp_i) + \varepsilon_i \quad (III.19)$$

Where:

$$\frac{\partial Y}{\partial Esc} > 0, \frac{\partial Y}{\partial Exp} > 0$$

In this model they are left out dummies or not dummy like sex, sector of employment, informal employment, etc., while important to investigate specific issues are not taken into consideration for the human capital at first (Cortes, 2002). The equation Mincer (1974) defines estimated by ordinary least squares (OLS) a semi log model. Here the dependent variable is income and this is expressed in logarithm. This logarithmic transformation of income leads into the model consideration of normality in statistics. It is also easier to work with her in the regression models and interpret the estimated coefficients in relative terms. The independent variables are the years of schooling, work experience and work experience squared. This is represented as follows:

$$Lning = \beta_0 + \beta_1 Esc + \beta_2 Exp + \beta_3 Exp^2 + \varepsilon \quad (III.20)$$

Where:

ing = Individual income

Esc = Years of schooling

Exp = Years of work experience

ε = error term

In this model it is showed that each additional year that the individual invests in education will delay the benefits he gets as his income, yet this will be offset by increased income to join the labor market. However, the experience variable is taken into consideration because it represents the learning of people in terms of age. Experience variable squared refers to the individual's income increase, but decreasing order, i.e., there comes a time where worker productivity begins to decrease and thus his income also because of his age.

For Mincer (1974), the individual's income increased through two pathways. One is through education that invests in school and which is required in the labor market, and the other is more specific, where the experience acquired in the workplace and skills provides greater productivity by increasing income also.

THE ENDOGENOUS CHARACTER OF EDUCATION

In the above problem it is drawn the possibility of observing a history of the life cycle of a single individual to alternative educational investments, so it is suggested that one should conform to observe only the path by the expected income of the individual who has chosen a given level of schooling and taking into account that this decision is based on income potential and opportunity costs. Selection bias arise another problem called endogeneity of education. For human capital theory education is seen as the result of an optimization process which emphasizes that each individual will have his level of investment depending on his capabilities and opportunities provided for the instrument. Within the model of human capital the cause of determining the level of schooling is unknown and assumed that this is an exogenous variable.

Thus it can be said that there are factors that cannot be observed as are those of individuals or family factors that directly affect education and salary level features. As a result, estimates by the method of Mincer remain biased. Then the correlation that occurs between wages and schooling of individuals cannot be interpreted within a function of income and the effect that education generates on wages of people because they cannot be attributed only to this variable all impact as there are individuals who have a less education than other.

To correct this problem of endogeneity in education is presumed using the called instrumental variables. This has the aim to find a variable that is correlated with the level of education and is independent of the error terms of the earnings equation. This process is performed as follows:

$$Lning = \alpha + bs + \tau \quad (III. 28)$$

With:

$$s = c + dZ + v \quad (III. 29)$$

Here the variable Z directly affects the level of schooling, but has no effect on earnings less than it is through education. The process is in first to estimate the effect of the instrument on education and then to have the effect of this instrument on earnings.

LOCAL DEVELOPMENT

DEFINITION OF LOCAL DEVELOPMENT AND DECENTRALIZATION

At first it must define the word "local". José Arocena refers local to a correlative notion that is global. Here, more specific aspects are integrated and are not the simple effect of reproduction, to all scales of global determinations. For there, to be a local development must be local actors to take charge of the construction processes of collective identities. For local actor is understood to individuals, groups or institutions acting in a local society to improve their quality of life. Fernando Barreiro (1988) defines three categories of local actor:

1. The actors linked to decision-making (political and institutional)
2. The actors tied to particular techniques (experts-professionals)
3. The actors linked to the action on the ground (the active population and all its expressions)

More specifically Arocena (1995, p. 26) defines local actor as an "Agent in the field of political, economic, social and cultural are carriers of proposals that tend to better capitalize on local potential. Indeed, it is an advantage the better use of resources, but highlighting the quality of the processes in terms of natural and social equilibrium ". As mentioned by this author, in local development is intended to help local actors to present an improvement in economic, social, cultural terms, among others, from within, that is, from the local level, the endogenous that can be interpreted as municipalities. While it is true that the colonies are more within a municipality, it is the latter that is responsible for providing the necessary services so that they work in the best way possible.

Now, the players have local development initiatives with the intention to take part greater autonomy from the Federation. This process of transferring tasks and functions to municipalities can be defined as decentralization, where power is not concentrated in a few governing bodies, but specific tasks are defined to the states which make decisions on their own, but without avoiding the maximum power. In the case of Mexico the decentralization process has not been established and is in the process of definition, but there is evidence that in the municipalities of the border and in the center there has been a process of administrative modernization and it was extended designing development policies.

ATTEMPTED DECENTRALIZATION IN MEXICO

The need for reform at the national level to promote local development has increased in recent years, as the result of three factors. First, in the context of globalization of the economy, it requires reorganization relations between the nation-state and state-local. Second, the economic crisis that Mexico has suffered in recent years has impacted large urban areas where lie the benefits of economic growth. Due to

the crisis, the presence of unemployment, lack of social welfare and agglomeration has given rise to territorial horizons expanded to promote economic growth.

Thirdly, there is a problem because the crisis brings financial conflicts that make the nation-state incapable of inducing the municipalities for optimal local development and as a result these are backward and are presented regional inequalities unable to develop. Despite all this, the central government was able to present a decentralization strategy in 1983 amending article 115 of the Constitution to cede greater autonomy and responsibilities to municipalities. This process is linked to the international environment that seeks to equally allow endogenous development to strengthen and support the growth and development of a nación. For the year 1992 the National Agreement for the Modernization of Basic Education and Normal (ANMEB) was published where the federal government, states and the National Union of State Workers (SNTE) agreed that the education system had reached its exhaustion after 70 years.

In this model presented the central authority would follow up his duties as responsibility for educational plans and programs, wage bargaining, substantive aspects of the teaching profession, control of fiscal resources for education, while the states would be responsible for the operational aspects as well as the option to add own content to the education system with a previous analysis of the central authority. The agreement raised four strategies:

1. Increase education spending by both the federal government and state.
2. Reorganization of the education system, with two axes:
 - Educational Federalism, which transfers to state governments the schools, material and financial resources of basic and normal education, leaving the responsibility of central government regulations.
 - Social participation, comprising teachers, parents and authorities to achieve greater involvement of the community to the proper functioning of schools.
3. The development of contents and educational materials; reform of content and methods in preschool; curricula and textbooks of primary, replantation program by subjects in secondary, rather than areas.
4. The re-evaluation of the magisterial function: update, professional salary, housing, social teaching career and appreciation for its work (Fierro et al., 2009).

Little progress was the initiative, as the central authority outlined the obligations for states and just after years the transfer of operational functions was only allowed. This is part of the decentralization that is required in local development.

METHODOLOGY AND RESEARCH DATA

RESEARCH DATA

The data analyzed in the following section was obtained in a survey conducted in 2008 in the town of Tlajomulco de Zuniga. This set of questions was applied to a

sample of the population of the municipality. With a total of 150 surveys randomly throughout the municipality to people over 18, 123 were taken for analysis for the 27 missing had errors in their registration by the respondent.

Following are defined the variables used in the regression models:

Lning. Income individuals in terms of logarithm to facilitate the use of variables to perform econometric analysis.

Esc. Level of education of the individual. This variable is defined by grades of each level of study, i.e. it starts from the primary taking these 6 years of learning, in junior high school three years learning and high school 3 years as well. From the top level or degree varies the exact reference and it is why not determine the years of this level of schooling. This explains the variable that will be used in the variable of integrated experience for its calculation.

Age. Variable defined in completed years of the individual.

Age2. Variable created based on the high age squared.

Exp. This created and based on the time the individual has spent working on the labor market. The following was used for definition: $Exp = (Age - \text{Grados of schooling} - 6)$.

Exp2 = Squared experience.

Gen = Gender is defined by gender (male = 1, female = 0).

Cap = Training the individual at some point in their working lives (trained Individual = 1, untrained individual = 0).

Each one is used in the 9 models that estimate and analyze the results with the intention to verify the theory of human capital. See table 3.

Table 3: Statistical variables used in the regression models

	Age	Age2	Income	Lning	Exp	Exp2	Schooling
Media	33.2276422	1265.19512	4412.60163	8.12183591	17.9	532.238943	9.3276423
Median	30	900	3750	8.22951112	16	256	9
Maximum	65	4225	15250	9.63233478	59	3481	21
Minimum	16	256	750	6.62007321	0	0	0
Standard deviation	12.7451778	972.447004	3212.10309	0.78935604	14.6138717	727.996245	4.079724
Curtosis	-0.4720007	0.83231336	2.40382219	-0.15340661	-0.19322505	3.30342929	0.2694429
Slant	0.69839027	1.2388449	1.4942101	-0.5013929	0.802276	1.8802955	-0.1440178

Source: Based on data obtained from the survey applied research.

INFLUENCE OF SCHOOLING, EXPERIENCE AND EXPERIENCE SQUARED ON THE NATURAL LOGARITHM OF PERSONAL INCOME

The incorporation of variable experience to the full square the basic model HC with this is explained by the empirical evidence if there is an impact of these on income directly and simultaneously as each one influences. The theory states that schooling is positively related to income, as well as experience. The experience squared meanwhile must relate negatively as it is created with the intention to verify the impact of the individual to increase his lifetime.

$$Lning = \alpha + \beta_1 Esc + \beta_2 Exp + \beta_3 Exp^2 + \varepsilon \quad i = 1, 2, \dots, 123 \quad (V.6)$$

Where:

Lning = Natural logarithm of personal income.

α = Intercept (ordered in the origin) Mincerian function of personal income.

Esc = Degree of education of the individual.

Exp = Experience of the individual.

Exp2 squared = Experience.

α = Variable typical minimum disturbance in quadratic models with normal distribution, zero mean and constant variance: $\varepsilon \sim N(0, \sigma^2)$.

$$Lning = f(Esc, Exp, Exp2) + \varepsilon$$

$$\frac{\delta Lning}{\delta Esc} > 0; \quad \frac{\delta Lning}{\delta Exp} > 0; \quad \frac{\delta Lning}{\delta Exp2} < 0$$

Table 4: Coefficients and statistical estimated by model OLS (V.6)

Variable	Coefficient	Standard error	Statistic t	Probabilility p
Esc	0.052571	0.020128	2.611847	0.0102
Exp	0.056079	0.014793	3.790824	0.0002
Exp2	-0.000971	0.000297	-3.266086	0.0014
Constant	7.147624	0.271945	26.28330	0.0000

R2	0.144278
R2 Adjusted	0.122705
Typical error of the regression	0.739343
Summ of squared residuals	65.04870
Statistic Durbin-Watson	1.781897
Media of variable dependent	8.121836
Statistic F	6.687927
Statistic probability F	0.000328
Sample size	123

Source: Own elaboration based on data obtained from the survey applied research

$$Lning = 7.147624 + 0.052571Esc + 0.056079Exp - 0.000971Exp^2 \quad (V.6.1)$$

The data obtained from the estimation show that the three variables almost constant have a very good chance for all are significant at levels greater than 99%. The whole model is significant because the probability of the F statistic confirms with 0.000328 as a result. Signs of the variables satisfy the hypothesis, schooling is positive, so is experience and squared experience remains negative for the reasons described above.

However, the coefficient estimates regarding the relationship posing with expected income defined for every year of schooling income increased by 5.2% approximately. For each year of experience will be an increase in income of 5.6% but at once this decrease by 0.09%. The R^2 register a score of 0.1444 which says that the three variables together explain 14.44% of changes in personal income expected. This is very good because if a comparison with the previous model the schooling variables and experience is represented only 6.7% overall.

By an operation it is shown how predictive is the model. For this case the following operation is performed:

$$\frac{0.739343}{8.121836} = 9.10\% \quad (V.6.2)$$

With this result it is concluded that the productive capacity of the model is 9.10%. With regard to the theory that makes a relationship of this model which presents graphically a concave curve in terms of personal income in logarithm and experience which suggests that at older age the increase in personal income expected will be at diminishing marginal rates since human capital is depreciated over the years as described in the following:

Initially it is the result of the regression model V.&.1

From this is derived the experience variable with respect to the logarithm of income:

$$\frac{\delta Lning}{\delta Exp}$$

The result is:

$$\frac{\delta Lning}{\delta Exp} = 0.056079 - 0.001942Exp \quad (V.6.3)$$

With this will be determined the age at which the curve reaches its maximum and thereafter begins to decline the result of the decreasing rate. Here equals 0:

$$\frac{\delta Lning}{\delta Exp} = 0.056079 - 0.001942Exp = 0 \quad (V.6.4)$$

Performing algebraic operations remains a division as follows:

$$\frac{0.056079}{0.001942} = 28.8769 \sim 28 \text{ years} \quad (V.6.5)$$

This result means that after 28 years in the survey the income will tend to decrease. Perhaps it is critiqued which is a very early age as the other empirical evidence shows that on average the maximum age is between 50 and 55 years old. In the case of this research it should be noted that people who is registered in the survey are young people who do not have much experience and which will come a few years of life speaking in terms of human capital. Yet the theory is true and the evidence confirms it.

The graph below in figure 5 shows the above:

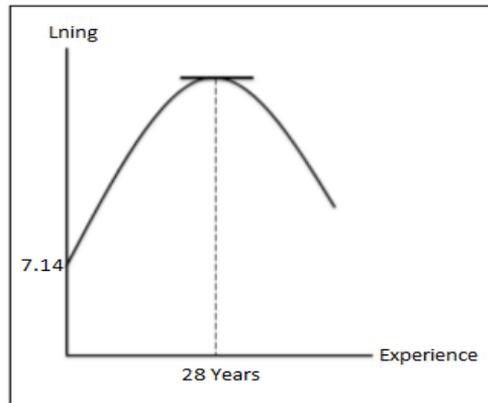


Figure 5: Relationship between the logarithm of expected income and experience. Source: Own elaboration based on data obtained from the survey applied research.

COMPARISON STUDIES IN JALISCO ON THE THEORY OF HUMAN CAPITAL

Until recently the Human Capital Theory had not been applied about whether its determination for the Mexican case was true or not. Because of this began to conduct research to test the theory in the country and particularly in the case of the state of Jalisco. Nationwide data from 1996 to 2005 based on the expanded role of the Mincer model which is composed of the variables of education, experience and squared experience obtained. The following table 5 shows the results obtained:

Table 5: Results of Mincer human capital model for Mexico.

Años	Schooling	Experience	Experience ²
1996	10.2%	1.6%	-0.2%
1998	10.1%	1.9%	-0.2%
2000	10.4%	1.6%	-0.1%
2002	11.1%	1.9%	-0.2%
2004	11.9%	1.1%	-0.1%
2005	11.5%	1.3%	-0.1%

Source: Taken from Thesis (Díaz, 2009)

As estimates for 1996, 1998, 2000, 2002, 2004 and 2005 show and verify the theory of human capital results shown in the table 5. Schooling variable is positively associated with the expected income of the individual, because of its direct effect on income is between 10% and 11.5%, and is to tell the schooling represented for those years an average of 10.86% increasing each year education in which the person invested. In the case of experience variable this maintains a positive relationship in the same way as brand theory and the percentage changes over the years studied range from 1.1% to 1.9%. This result may seem very low, but in reality the idea that the experience has a direct and positive effect on the expected income people met, while the result remains positive is valid for research.

The variable squared experience with its negative sign marks the effects of age and schooling on income, but the result shows that it is very little compared the impact of experience variable. The recorded result explains that the variable affects and creates a decrease in the income of individuals from 0.1 to 0.2% for the years described. Now, for the results of the HCT in the state of Jalisco a series of investigations were conducted in several municipalities, these were: Guadalajara (1997), Tlaquepaque (2001) and Zapopan (2003) developed by Dr. Hector Cortes Fregoso (2006), Ciudad Guzman by Lic. Rosario Diaz Sánchez, El Salto by Ulises Osvaldo de la Cruz Guzman, Tonalá (2013) by Marta Sotelo and Tlajomulco de Zuniga by Victor Hugo Garcia Oliva, a student who conducted this investigation.

The results are shown below in table 6:

Table 6: Results of Mincer human capital model for the municipalities of Jalisco.

	Schooling	Experienc	Esperienc²
Guadalajara	9.6%	1.7%	-0.0089%
Tlaquepaque	13%	4%	-0.034%
Zapopan	7%	2.3%	-0.4%
Ciudad Guzmán	9.5%	5%	-0.8%
El Salto	7.7%	-2.9%	0.6%
Tlajomulco de Zúñiga	5.2%	5.6%	-0.09%
Tonalá	6.9%	1.8%	-0.04%

Source: Own elaboration prepared with data from several studies about human capital

Again, it is met the assumption that marks the theory of human capital concerning the impact of the variables schooling and experience on income of individuals.

In the results of Table 6 it can be seen that the municipality in which the school has a greater impact on income is Tlaquepaque with 13%. Hence, Guadalajara and Ciudad Guzman follow with coefficients of 9.6 and 9.5% respectively as the highest, while Tlajomulco de Zuniga ranks as the lowest, but the result if it hits the salary. Tonalá resulted in a considerable percentage of 6.9% which suggests that although it is a municipality whose main activity is the craftsmanship, an impact is generated if the person has more schooling.

Regarding the variable experience there is a complete change as the municipality that resulted highest coefficient is Tlajomulco de Zuniga with 5.6% which explains the variations of this with the expected income. Second, it is positioned Ciudad Guzman with 5% and Tlaquepaque with the third. In this shift is the last place with 1.7% Guadalajara with what it can be concluded that for some municipalities, experience is higher and schooling lower as factors that positively affect salary. Finally, squared experience keeps its negative relationship and the municipality of Guadalajara once again holds the lead to only decrease at a rate of 0.0089 of the income for each year of life that the individual has, the last place is held by City Guzman with -0.08%.

Making a comparison of the municipalities studied with the results of research conducted at national level, it can be commented that if there is a relationship with the variables and results. With the level of schooling an average result is shown, i.e., not away between coefficients for both areas. With experience it is noted a slight increase for the results of the municipalities, but this is accepted and in the end the squared experience it remains the same similarly.

CONCLUSIONS

The Theory of Human Capital as a tool to measure the impact of education on the expected income of the people is valid and demonstrates how impacts through the empirical evidence shown in this research. Estimates confirmed how education and experience determine changes directly on the expected income of individuals.

In the case of Tlajomulco de Zuniga, the results show how important it is to invest in education from an early age because this will impact positively in the future for society as a whole. In this municipality and according to the econometric estimates that were made to the basic model of CH, for each year of schooling is expected that income increase by an average 5.2%, experience equally to increase by 5.6% but at the same time present a decrease of 0.009% with squared experience on expected income. This is due to deterioration or depletion of human capital that occurs with increasing age of the individual, decreasing their skills and abilities.

It is important to mention that the decentralization process in which is currently working at the national level maintains a positive outlook. The efforts made with the intent to disrupt key sectors such as education and which states take charge are aimed to better results in terms of educational quality. For the state of Jalisco, it is still much to work on, but municipalities are working for this change to be generated from the endogenous.

That said and verifying that the investment in education generates high returns for both the individual and the population as whole, municipalities should focus on proposing in their municipal development plans support to the education sector and also a request to the federal government for granting both financial and administrative support. For its part, the creation of local academies and training courses for members of a locality is key elements if it is want to increase the productivity of individuals.

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EMOTIONS AND CAREER ANCHORS DURING THE PROFESSIONAL TRAINING IN UNIVERSITIES

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ABSTRACT

This publication presents the results of the study of the peculiarities of emotions and career preferences (anchors) of students in the learning process and professional training in an academic environment. Two research tools have been implemented in the course of the psychological study, which covered 475 students studying various disciplines in different universities. Their psychometric characteristics and peculiarities of the factor structures have been established as the results show high reliability and validity in Bulgarian conditions. In addition to that, specific dependencies that attest to the dominance of positive emotions in the learning process in the academic environment have been outlined, as well as career preferences, promoting the development of creative thinking and successful resolution of challenging tasks.

Key words: *Emotions, Positive/ Negative affect, Career preferences (anchors), Academic environment, Universities*

JEL Classification: *I20*

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INTRODUCTION

Initially, the topic of emotions is ignored by the science of psychology because it is assumed that they are in a subordinate position to reason because of their primitive and animal nature. A radical change in the view of emotions occurs after the publication of Charles Darwin's (Darwin, 1859) books. It states that emotions reflect a specific expression that is associated with activity in the brain systems and correspond to a particular emotional state (Gendron, Barrett, 2009). Later it was found that the perception of external stimuli produces a specific body reaction that provokes an emotional feeling and the autonomic nervous system responds with specific physiological events (muscle tension, rapid pulse, sweating, dry mouth, tears). Accordingly, emotions are not only important element in the overall functioning of the human organism, but also a specific product of the action of the processes and conditions associated with excitement, passing through the nervous system. This means that the study of physiological and anatomical aspects of the origin, manifestations and control of emotions is undoubtedly important from a research point of view, but no less important are the assessments and the personal meaning embedded in them (Corsini, 2008).

The study of emotions in the field of education is facing many difficulties. One of them is related to the fact that they occur unexpectedly, change rapidly and suddenly disappear. There are also ethical reasons why emotions can not be studied using traditional research methods (e.g. experiment). Another significant difficulty in the study of emotions is related to the fact that the subjective experience and objective reality of the human thoughts and behavior are constantly changing according to the targets being set. And the targets are not only important processes for organizing thoughts, emotions and actions, but are also vivid subjective representations of perceptions, formed in the individual life and in the course of socialization processes (Scherer, 2005).

It is well known that students enter the higher education system with different reasons to learn and that is the core of their educational orientations. Some are professionally oriented, others - academically oriented, others are interested in personal development, and to fourth - most important are social contacts. This means that each student has their complex motives and cognitive interests which directly affect personal choices, decisions, ways of learning, self-preparation and academic performance. On the other hand, academic training should be aimed at developing professional knowledge, personal qualities, motivation and social skills that have a direct relation to the studied profession. Achieving career success also requires developing the capacity to quickly adapt knowledge and skills, flexible coping with the socio-organizational transformations and being constantly ready to change your own personality and behavior according to the leading organizational goals.

During the professional training at the university students demonstrate different career preferences (or "career anchors", cited from Schein, 1996), which are in a close relation to the studied profession. Career preferences reflect a

separate area in the overall structure of the individual, which is particularly important when choosing a profession. They are the result of cross interactions between individual and age characteristics of the personality, knowledge, skills, competencies and conditions for learning and professional training in the relevant educational context. Once formed, career preferences do not change during the professional development of personality (hence the metaphor of career anchor). In addition, they exhibit fully independently and not as a prerequisite for career choice. This is because the career preferences reflect the presence of knowledge, skills and professional competences, the overall life perspective and strategy for the development of the individual, rather than the type and characteristics of the given profession. They relate to the education and professional training in the universities as well as to the established standards for career development in organizations (such as job hierarchy, characteristics of work activity, working requirements, etc.). This indicates that on the threshold of professional realization, the personality's life orientation can be meaningful not only in terms of individual and personality characteristics, desires, knowledge, competencies and achievements, but also through the career preferences.

In order to learn more about the specifics of the emotions and career preferences of students during the academic education and professional training in Bulgarian universities, an empirical psychological research has been conducted. For the purposes of this research we assume that emotions are a special class of mental processes and conditions that reflect the significance of the events and situations in relation to the training and professional training in the academic environment. Since emotions accompany virtually any cognitive activity, they turn into major mechanisms for internal regulation of mental activity and learning performance. Owing to the accumulated emotional experience, the speed and adequacy of the individual reactions to the new stimuli is significantly increased, optimizing personal opportunities for successful adaptation to the environment. In the course of the conducted research (Watson, Clark, 1988) it was found that two main dimensions of the emotions - positive and negative affect, constantly appear. These terms reflect two inherently opposite factors that correlate strongly and negatively with each other and at the same time are orthogonal dimensions after factor analysis has been made. The positive affect illustrates that the individual feels socially active, enthusiastic, highly concentrated, pleasantly engaged and satisfied. The negative affect is an indicator of subjective distress and is associated with the experience of anger, dissatisfaction, guilt, fear, nervousness.

Career preferences are understood as persistent preferences of the students in relation to their desired professional realization. Career preferences are based on knowledge and skills and reflect attitude towards the conditions of learning and professional training in the academic context. Education and professional training in universities require students' active involvement in cognitive activities, intense concentration, systematic self-preparation and self-regulation. In this regard, we assume that they will seek not only excellent academic results but also more positive emotions in the training. Because the subject of future professional realization excites students, we assume that most important to them would be the career preferences related to creativity, challenges and innovations. We also expect

that independent factors such as gender, age, programme, degree, academic success, University will have a statistically significant influence on the emotions and career preferences of students.

RESEARCH METHOD AND SAMPLE

Considering the empirical verification of the previously formulated hypotheses we used two instruments - The Positive and Negative Affect Schedule (PANAS) (Watson, Clark, 1988) and Questionnaire for career preferences (Manual for employed and unemployed people seeking career development in the tourism sector - BG/ 06/ B/ Fα/ PP - 166 001 - Programme Leonardo da Vinci). Various statistical and mathematical analysis (Cronbach's Alpha, Principal Component Analysis, Rotation Method: Varimax with Kaiser Normalization, Means, ANOVA, Tukey`post-hoc test) has been carried out on the collected data using the computer program SPSS, and a psychological interpretation has been made as well.

In the research, conducted during the school year 2014-2015, the participating 475 students, with women being predominate among them, are split into 324 (68.2%) women and 151 (31.8%) men. Respondents were divided into two age groups - under 20 and over 21 years. In the age group under 20 years there are 182 individuals (38.6%), while in the group over 21 years there are 290 students (61.4%). They are trained in two degrees (BA, MA) and 381 (79.5%) are bachelors, and the remaining 98 people (20.5%) are masters.

The surveyed students major in various programmes which are united in separate groups. In the *Psychology* group there are 158 people (33%); the group of *Educational Programmes* includes 32 students (6.7%); the group of *Medical Programmes* covered a total of 127 people (26.5%); the group of *Philologies* includes 57 (11.9%) students; the group of *Other Humanities* has 61 people (12.7%); and in the group of *Technical Programmes* there are 44 students (9.2%).

The students study in 4 universities, specifically at the *Technical University* (TU), c. Sofia - 53 people (11.1%) were surveyed; *Sofia University* St. Kliment Ohridski (SU) c. Sofia - 326 (68.1%); *Varna Free University Chernorizets Hrabar* (VFU) c. Varna - 70 people (14.6%); *New Bulgarian University* (NBU), c. Sofia - 30 people (6.3%).

RESULTS AND DISCUSSION

In order to learn more about emotions in the course of academic training, The Positive and Negative Affect Schedule (PANAS) (Watson, Clark, 1988) is applied. This is a self-assessment tool with 20 statements that represent respectively positive and negative affects. In a previous study (Crawford, Henry, 2004) it has been found that the coefficient of internal consistency of subscale Positive affect is $\alpha=0,89$, while that of the Negative affect is $\alpha=0,85$. The obtained in Bulgarian conditions factor Cronbach of the entire instrument is characterized by high reliability ($\alpha=0.784$), and the calculated coefficients of the individual subscales for

Positive and Negative affect, respectively $\alpha=0,700$ and $\alpha=0,760$. Separate factors together explain 47.27% of the registered variations.

In calculating the total coefficient of sampling adequacy (Kaiser-Meyer-Olkin Measure of Sampling Adequacy) there are registered favorable conditions for the application of factor analysis and results are presented in Table 1.

Table 1: Kaiser-Meyer-Olkin Measure of Sampling Adequacy and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy		,886
Bartlett's Test of Sphericity	Approx. Chi-Square	3353,940
	Df	190
	Sig.	,000

While applying the Scree-test (figure 1) we restricted the factor distribution of individual items to two factors, according to the ideas of the authors (Watson, Clark, 1988) for the presence of two subscales respectively for Positive and Negative affects.

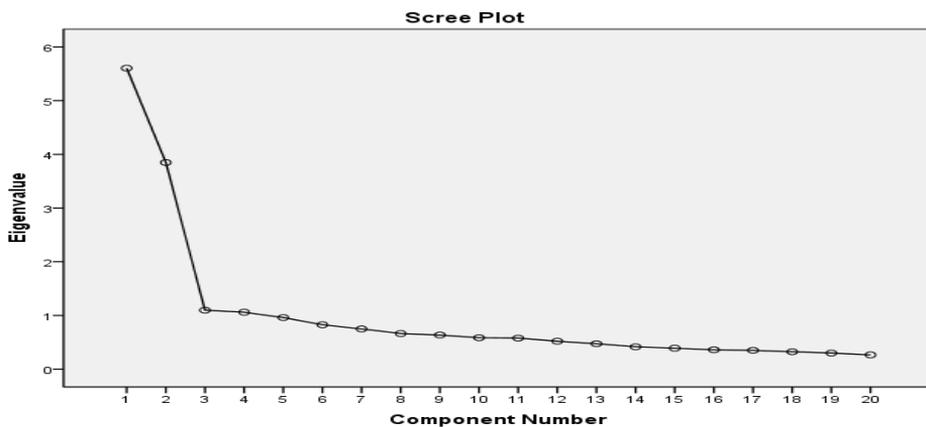


Figure 1: Scree-plot of the factor distribution of the items in the scale of Positive/ Negative affect

After applying Varimax Rotation, the following factor coefficients have been established and are presented in Table 2.

Table 2: Matrix of the factor coefficients after applying Varimax Rotation

Items	Factor 1	Factor 2
1		0,616
2	0,541	
3		0,581
4	0,757	
5		0,657

6	0,711	
7	0,809	
8	0,633	
9		0,790
10		0,640
11	0,696	
12		0,427
13	0,699	
14		0,798
15	0,650	
16		0,733
17		0,556
18	0,786	
19		0,675
20	0,706	

Following a factor analysis in Bulgarian conditions, a 2-factor structure has been isolated that contains the following factors.

The first factor - *Negative affect* (explains 5.61% of the variations) (calculated coefficient of Cronbach - $\alpha=0,887$) contains statements № 2, 4, 6, 7, 8, 11, 13, 15, 18, 20 (total of 10). In terms of contents, this factor shows that learning and self-preparation are accompanied by negative emotions as well. The second factor - *Positive affect*, explains 3.85% of the variations in the differences between the respondents' answers and contains statements № 1, 3, 5, 9, 10, 12, 14, 16, 17, 19 (total of 10). The established reliability coefficient is $\alpha=0,845$. The formation of this factor stresses the importance of the positive emotions accompanying academic education and professional training of students.

To learn more about the specifics of career preferences of the students a *Questionnaire for career preferences* (Manual for employed and unemployed people seeking career development in the tourism sector. How do I manage my own skills - BG/ 06/ B/ F/ PP - 166 001 - Programme "Leonardo da Vinci") is attached. The original version is a separate 5-factor structure, which includes five main points in the career - *Technical / Functional competence* (contains statements № 1, 6, 11), *Managerial competence* (statements № 2, 7, 12), *Security and Stability* (statements № 3, 8, 13), *Creativity / Entrepreneurship* (statements № 4, 9, 14), *Autonomy and Independence* (Statements № 5, 10, 15).

In Bulgarian conditions the career preferences questionnaire is distinguished by high internal consistency - the calculated coefficient of Cronbach is $\alpha=0.701$, and the separated factors explain 42.82% of the registered variations.

While calculating the total coefficient of sample adequacy (Kaiser-Meyer-Olkin Measure of Sampling Adequacy) there are registered average conditions for the application of factor analysis to the data of the conducted psychological examination (Table 3).

Table 3: Kaiser-Meyer-Olkin Measure of Sampling Adequacy and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy		,798
Bartlett's Test of Sphericity	Approx. Chi-Square	1059,171
	Df	105
	Sig.	,000

To determine whether the preliminary expectations for the presence of five components in the questionnaire for career preferences coincide with the actual factor distribution of items, a Scree-test has been applied (Figure 2).

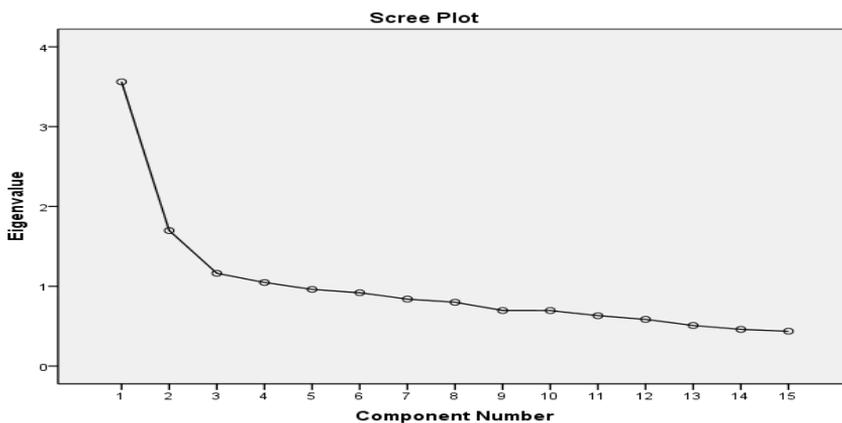


Figure 2: Scree-plot of the factor distribution of items in the Questionnaire for career preferences

The results rather speak of the presence of three factors, as the other components lie almost on a straight line and have a negligible contribution to the overall dispersion. Because of the proximity of the factor coefficients' values of some variables we applied Varimax Rotation, and the obtained results are presented in Table 4.

Table 4: Matrix of the factor coefficients after Varimax Rotation

Items	Factor 1	Factor 2	Factor 3
1		0,484	
2		0,686	
3			0,709
4	0,426		
5	0,558		
6			0,466
7	0,617		
8			0,563
9	0,656		

10	0,730		
11		0,469	
12		0,659	
13		0,553	
14	0,579		
15	0,595		

Based on the results of the factor analysis there has been outlined a three-factor structure of the instrument in Bulgarian conditions with the following factors.

The first factor - *Career preferences for creativity and challenges* (calculated coefficient of Cronbach - $\alpha=0,729$) explains 23.75% of the variations and contains seven statements - № 4, 5, 7, 9, 10, 14, 15. Contentwise this factor reflects the aspirations of the surveyed students to develop professionally, using creative approach in solving educational tasks, especially to the more difficult and challenging of them, which relate to the future profession.

The second factor - *Career preferences for the development of managerial and technical competences* (coefficient of reliability - $\alpha=0,381$) explains 11.32% of the variance in the differences between the respondents' answers, covering statements № 1, 2, 11, 12, 13 (5 in total). In terms of content this factor illustrates the understanding that appropriate competencies directly related to the profession for which students prepare can be developed during education at the university.

The third factor - *Career preferences for stabilizing of the professional competencies and life situation* include statements № 3, 6, 8 (a total of 3) and explains 7.75% of the variation in the differences between the respondents' answers. The subscale is characterized by weak psychometric characteristics (coefficient of Cronbach - $\alpha=0,208$). In terms of content, this factor indicates the willingness of students to acquire adequate professional knowledge and skills for a successful career and stabilizing of the life situation.

After the calculation of average values, it appears that the Positive affect has higher indicators ($X=3.55$) compared to the Negative affect ($X=2.08$) (figure 3). This means that, according to the surveyed students the positive emotions prevail in the process of education and professional training in universities.

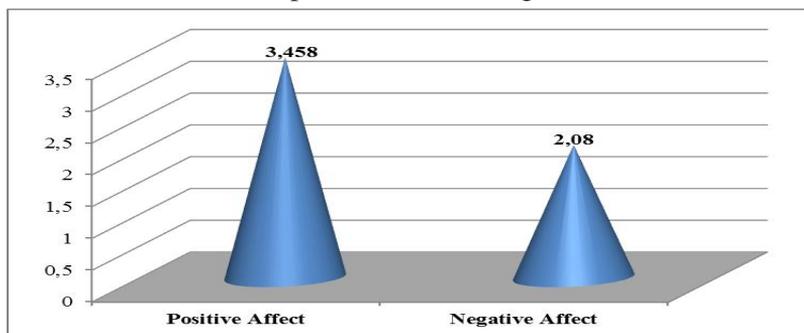


Figure 3: Distribution of the various dimensions of Positive/ Negative affect (in average values)

After the application of ANOVA it has been registered that gender and academic degree of the students do not have a statistically significant influence on emotions in the course of training. Only age, programme, academic performance and university have a significant influence on Positive/ Negative affect. In particular, age has a statistically significant influence ($F=0,054$; $p=0,030$) only on Positive affect and students over 21 years ($X=35,21$; $N=259$) experience it more frequently than students under 20 years ($X=33,73$; $N=166$).

The programme has a statistically significant influence on Positive affect ($F=4,069$; $p=.001$), as students of Psychology have the highest indicators ($X=35,98$; $N=142$), followed by Medical Programmes ($X=35,51$; $N=115$), Other Humanities ($X=33,06$; $N=54$), Philologies ($X=32,85$; $N=54$), Educational Programmes ($X=32,77$; $N=30$) and Technical Programmes ($X=32,47$; $N=36$). With the help of a Tukey post-hoc test, a statistically significant difference between Psychology and Philologies (Mean difference I-J=3,127*, $p=.045$) has been confirmed. Therefore, students of Psychology experience Positive affect to the highest degree, and those of Technical Programmes – to the lowest. Moreover, the greatest difference in programmes was registered between Psychology and Philologies.

Academic performance has a statistically significant influence only on Positive affect ($F=6,537$; $p=0,002$), with the highest rates registered in terms of success over 5.50 ($X=36,08$; $N=80$), followed by success 4.50 to 5.50 ($X=33,89$; $N=94$) and success under 4.50 ($X=30,06$; $N=18$). The results of the applied Tukey post-hoc test confirm that there is a statistically significant difference between success over 5.50 and success under 4.50 (Mean difference I-J=6,020*, $p=0.002$). Therefore, Positive affect accompanies academic performance over 5.50, as the greatest registered difference in this factor is between success over 5.50 and under 4.50.

The university has a statistically significant influence on Positive and Negative affect. In particular the university has a statistically significant influence on Positive affect ($F=4,933$; $p=0,002$), with the highest values shown by students from VFU ($X=37,18$; $N=61$), followed by the NBU ($X=35,97$; $N=29$), SU ($X=34,20$; $N=295$) and TU ($X=32,67$; $N=46$). After applying Tukey post-hoc test, a statistically significant difference in Positive affect between VFU and SU (Mean difference IJ=2,977*, $p=0.010$) and between VFU and TU (Mean difference IJ=4,506*, $p=.004$) has been registered. Therefore, the main difference registered in Positive affect is between TU on the one hand and VFU - on the other.

The university has a statistically significant influence on Negative affect ($F=6,167$; $p=0,000$), with the highest values shown by students from TU ($X=22,10$; $N=48$), followed by SU ($X=21,37$; $N=292$) NBU ($X=21,34$; $N=29$) and VFU ($X=16,82$; $N=61$). After applying Tukey post-hoc test, it turns out that there are statistically significant differences in Negative affect between SU and VFU (Mean difference IJ=4,547*, $p=0.000$) and between TU and VFU (Mean difference IJ=5,284*, $p=.003$). A difference is registered between VFU on the one hand and NBU, SU and TU - on the other. Therefore, Positive affect prevails among students from VFU and the main difference in this factor is between TU and VFU. Highest values on Negative affect are shown by students from TU, as the biggest difference in this factor is between VFU on the one hand and NBU, SU and TU - on the other.

To understand more about the career preferences of the surveyed students, there are calculated average values, which show that the most important are Career preferences related to creativity and challenges (CPCC) ($X=4.10$), followed by Career preferences to development of managerial and technical competences (CPMTC) ($X=3.81$) and Career preferences to stabilize the professional competencies and life situation (CPPCLS) ($X=3.10$) (picture 4). This data illustrates the desire of students to create and successfully solve challenging tasks, because it contributes to their better professional preparedness.

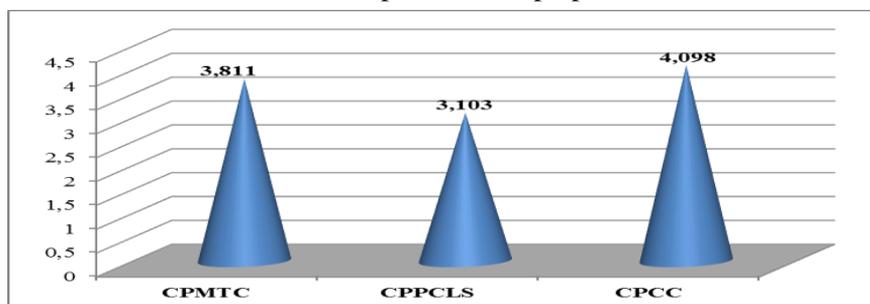


Figure 4: Distribution of the different dimensions in the Questionnaire for career preferences⁷ (in average values)

When examining the influence of the gender, age and educational degree, it appears that they don't have a statistically significant influence on the career preferences of the students. Only programme, academic success and university have a statistically significant influence on the supporting points of the career. In particular the programme has a statistically significant influence on Career preferences to creativity and challenges ($F=3,063$; $p=.010$), and the highest values are shown by students of Educational Programmes ($X=30,03$; $N=26$), followed by Psychology ($X=29,27$; $N=149$), Medical Programmes ($X=28,46$; $N=116$) Philologies ($X=28,38$; $N=55$) Technical Programmes ($X=27,86$; $N=40$) and Other Humanities ($X=27,74$; $N=50$). After applying Tukey post-hoc test it is confirmed that the programme has a statistically significant influence, as Career preferences for creativity and challenges show a difference between Other Humanities and Technical Programmes on the one hand and Educational Programmes - on the other.

Following a Tukey post-hoc test in terms of academic performance a difference has been registered only between success under 4.50 and over 5.50.

It was also found that the university affects the career preferences of students, and the Career preferences for creativity and challenges show a difference between TU on the one hand and VFU - on the other.

Therefore programme, academic performance and university influence the career preferences for creativity and challenges. With reference to the influence of the programme, the highest indicators are shown by the students of Educational

⁷ CPMTC (Career preferences to development of managerial and technical competences); CPPCLS (Career preferences to stabilize the professional competencies and life situation); CPCC (Career preferences related to creativity and challenges)

Programmes, and there is a clear distinction between them and Other Humanities and Technical Programmes. Academic performance also has a statistically significant influence and there is a registered difference between students with success under 4.50, and those who have over 5.50. With reference to the influence of the university, it appears that there is a difference only between TU and VFU.

CONCLUSIONS

Based on the generalization of the results of the conducted psychological research, the following regularities can be distinguished. More information about the positive / negative affects in the learning process is collected with the help of *The Positive and Negative Affect Schedule* (PANAS), and for the career preferences of the students - through the Questionnaire for career preferences. The established psychometric characteristics and peculiarities in the factor structures of the two instruments in Bulgarian conditions testify to the reliability and validity of the purposes of the empirical measurement of the emotions and career preferences of students.

We found that most important for the students is Positive affect, followed by Negative affect. The gender and educational degree of the respondents do not have a statistically significant influence on positive / negative affect, and age, academic performance and university significantly influence only the Positive affect. Specifically with regard to age, students over 21 years experience positive affect more often than students under 20 years. This probably indicates that older students understand not only the difficulty of learning and self-preparation, but the undoubted benefits of direct participation in the learning process and positive emotions.

Students majoring in Psychology have the highest indicators in positive affect, followed by Medical Programmes and Other Humanities and students of Technical Programmes show the lowest results. This result is encouraging because it shows that the students of Psychology and Medical Programmes find positive affects in the care of others important, as this facilitates interpersonal contacts and greatly enhances professional work.

When examining the influence of academic success, the highest values were registered in terms of success over 5.50. This means that the positive affect is experienced to the fullest extent by the students who have academic success over 5.50, as the biggest difference in this factor is between success over 5.50 and under 4.50.

The university has a statistically significant influence on Positive affect, with the highest values being shown by the students from VFU. The university has a statistically significant influence on Negative affect, as the highest values are shown by the students from TU. Therefore, the positive affect prevails among students from VFU and the main difference in this factor is between TU and VFU. Highest values on Negative affect are shown by the students from TU and the biggest difference in this factor is between VFU on the one hand and NBU, SU and TU - on the other. These results indicate that the specific academic atmosphere and

education in a certain university are important for the presence of positive / negative affects among the students.

Most important for the surveyed students are Career preferences related to creativity and challenges followed by Career preferences for the development of managerial and technical competences and Career preferences to stabilizing the professional competencies and life situation. The independent factors, such as sex, age and educational degree do not affect the career preferences of the surveyed students.

Programme, academic performance, and university influence Career preferences for creativity and challenges, as the highest values are shown by the students of Educational Programmes, followed by Psychology. This factor displays a difference between Other Humanities and Technical Programmes on the one hand and Educational Programmes - on the other. This result shows that Humanities like Pedagogy and Psychology, studied at SU, encourage career preferences related to creative thinking and successful solving of challenging educational tasks.

A difference between academic success under 4.50 and over 5.50 has been registered. It also turns out that university affects the career preferences of students, and Career preferences for creativity and challenges show a difference between TU and VFU.

The obtained data confirms the hypothesis of a statistically significant influence of various independent factors such as gender, age, programme, academic success, university on positive / negative affect and career preferences. As a result, the survey underlined the importance of the positive emotions in the learning process and career preferences that are associated with the desire of students to independently learn and create and successfully solve challenging educational tasks. Thus emerged the current situation of academic and professional training of the students and the explanatory power of existing concepts in psychology of emotions and career preferences is being enriched. These results may be of immediate benefit to the specialists in the field of higher education considering the opportunities for real improvement in the quality and organization of the teaching and professional practices in Bulgarian universities towards more positive emotions and more opportunities for creativity and successful overcoming of various professional challenges.

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DEVELOPING NONVERBAL INTELLIGENCE: TEENAGERS' CAPACITY OF DECODING AND UTILIZING GESTURES

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ABSTRACT

Nonverbal Intelligence is a skill that needs to be developed since early age. By definition, nonverbal intelligence is the ability to observe, to decode and to use nonverbal signals in your advantage. Teenagers must develop this survival skill for 21st century and in this case study it is described the way in which nonverbal intelligence is developed in different stages of life (in this case we discuss about teenagers with ages between 11 and 18 years old) and it puts stress on the way they decode the significance of the 20 nonverbal hand gestures used in this research (see the annex 2).

When we know how the teenagers make their selection of hand gestures from the multitude of nonverbal emblems, their preferences when they give significance to certain gestures, it leads us to extract precious information about their decoding systems according to their age and the cultural background (this research is performed in Romania).

This current study is made in comparison with another previous study for pre-school children and it reveals the fact that age is an important factor when it comes to assuming and using certain nonverbal language elements. Most of the times the general accepted meaning is adopted while sometimes different gestures are attributed specific meanings. Therefore, alongside the usual channels of reception and assimilation of certain nonverbal behaviors, such as family, friends, school, an increasing role is played by mass communication means, such as television.

Key words: *Nonverbal Intelligence, Teenagers, Hand Gestures, Emblems, Cultural Anthropology*

JEL Classification: *I 25*

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INTRODUCTION

A CLASSIFICATION OF GESTURES AND THEIR MEANING

The visible body action, defined with the term “gesture”, is recognized as an important and powerful component in the communication between individuals, but also in the way they express their behavior. The study of gestures is therefore important especially in order to understand the existing relationship between language and thought, between the cognitive and social processes involved in the human development and between the origin and nature of the human capacity of communication. Gesture study, as a subject, can be found within numerous scientific disciplines, such as linguistics, anthropology, cognitive psychology, sociology, communication and semiotics studies, as well as informatics.

The first theoreticians who underlined the importance of gestures were the rhetoric professors and the great orators of the Antiquity period. In Cicerone’s conception, “the gestures are a language that even the barbarians understand”, and as such, when we speak in front of a public, “absolutely all the soul’s movements have to be accompanied by the body’s movements”. He was recommending the orators to utilize all the body resources, from eye and fingers movements, to feet stomping in the peak moments of the speech.

The new era of gesture study started with Ray Birdwhistell’s (1918-1994) research, which sets the grounds of a new discipline within the communication sciences sphere, kinesics, with his course at the University of Toronto during 1944-1945. The term of “kinesics” derives from the Greek term for movement, and it was first used by Birdwhistell in his work *Introduction to Kinesics* (1952) and then in *Kinesics and Context* (1970), with the meaning of “the study of the body movement in relation with the nonverbal aspects of the interpersonal communication.” (Septimiu Chelcea, 2004, *apud* S. Jolly, 2000, 133)

The theory of Ray L. Birdwhistell, in the view of Septimiu Chelcea (2004, 41-42), is based on the assumption that the communication through the body movements is systemic and socially learned, and he shares the kinesics into: *pre-kinesics* (the study of the physiological basics of the body movements), *micro-kinesics* (the systematic study of kinemes reunited in morphologic classes) and *social kinesics* (the study of morphologic constructions in relation with the social interactions). Ray L. Birdwhistell tried to identify the smallest meaning units of the body movement, that he called “kinemes”, as an analogy with the phonemes and morphemes from linguistics (Table 1., *apud* S. Chelcea, 2004, 42). The information stated in Tabel 1. can be found in the article of Ray L. Birdwhistell “Some body motion elements accompanying spoken American English” in L. Thayer (ed.)- *Communication: Concepts and Perspectives* (London: Macmillan).

Table 1: Linguistic equivalence of kinesic units

Kinesic units	Linguistic equivalent
kinemes	Phonemes or morphemes
kinemorphemes	-
Kinemorphemes complex	Words
Constructions of kinemorphic complexes	Sentences

In this way, the elementary gesture units void of significance are called *kinemes*, through assimilation with phonemes, and the significant gestures, analogous to the morphemes of the linguistic communication, are called *kinemorphemes*. For example, closing an eye accidentally represents a kineme, but this movement becomes a kinemorpheme when we wink. In Dinu's point of view (1997, 227), "two different gestures can be considered variations of the same significant unit in the case when replacing one with the other does not modify the transmitted message and two aspects of distinct invariants, when the substitution affects the meaning of the communication."

The system which notes the body movements that Ray L. Birdwhistell imagined also encompasses, according to Septimiu Chelcea (2004, 43), "kinesic markers" which have the role to show the syntactic arrangement of the kinemes in speech, designating the pronoun, the plural, the verb forms, prepositions and adverbs; "kinesic stress", with the function of organizing different linguistic combinations, such as sentences; "kinesic junctures", which serve to connect separate kinemes.

As far as the classification of gestures is concerned, a number of taxonomies are accepted, and from these a very popular classification is the one belonging to the American researchers Paul Ekman and Wallace V. Friesen made in 1969. They classify the nonverbal communication elements into five categories, based on their origins, functions and their coordination: a) emblems; b) illustrators; c) facial expressions; d) regulators; e) adaptors.

The emblems are substitutive gestures, which replace words and if needed they can become an independent language. The term of "emblem" has been taken from David Efron's work *Gesture and Environment* (1941, *apud* S. Chelcea, 2004, 130). The emblems are therefore nonverbal elements whose meaning is known by the majority of the members of the group and are intentionally used in order to transmit certain messages. The symbolic gestures or the emblems have indeed "a precise meaning, known in the subculture of the speaker. It is the case, then, of lexical equivalences, directly translatable into words" (*apud* S. Chelcea, 1998, 70).

Different greeting forms, the thumb raised in order to show that everything is alright, the raised hand in order to bring up attention, the sign used to stop a car on the highway are just a few examples. Paul Ekman (*apud* S. Chelcea, 2004, 131), shows that, regardless of the culture, emblems have clearly defined functions:

1. Insult;
2. Signaling the distance in interpersonal relationships ("come closer");
3. Appreciation of the activity or performance of others ("very good");

4. Signaling the separation;
5. Signaling positive or negative responses to various requests;
6. Commenting emotional or physical states.

The *emblems* are usually utilized during breaks between conversations, at the beginning or the end of an utterance, or accompanying certain words in order to accentuate them and are used both by the person who speaks, as well as by the listener. Certain socio-professional groups (such as, for example, business people, brokers, flight attendants), develop their own emblems which facilitate the communication and contribute to building the identity of the members of the group.

The *illustrators* are nonverbal elements that accompany and complete the verbal message, being well learned, and we are partially aware of their existence, because they seem natural, universal, with a less flexible meaning than the emblems. Ekman and Friesen (1972, apud S. Chelcea, 2004, 193) have identified eight types of illustrators realized with the hands:

1. *Batons*, movements used to accentuate certain words;
2. *Ideographs*, movements that show the direction of thought;
3. *Deictic movements*, which underline the things already said;
4. *Spatial movements*, describing the spatial connections;
5. *Rhythmic movements*, which indicate the tempo of the speech or of other actions;
6. *Kinetographs*, used to show the human body functioning or the animal behaviors;
7. *Pictographs*, movements which describe an image
8. *Underlines*, movements used to emphasize a word, a phrase or a speech extract

The *affect displays* communicate the emotional states the transmitter goes through, for example the basic emotions (anger, surprise, disgust, fear, joy, sadness). Septimiu Chelcea (2004, 134) considers that to a certain degree, we can consciously control affective movements, since the expression of emotions is less dependent on the verbal message compared to the illustrators, and they can be intentional (when the person wants to express certain emotions or in the performing arts) or unintentional (when they reflect spontaneous emotional states).

The *regulators* conduct, control and maintain the communication, and in Dinu's opinion (1997, 235) they have an "expressive and phatic function, because they reveal the attitude of the participants towards the interaction and offer assurance from the receptor regarding the continuity of the contact, and they allow the transmitter to adjust, through feedback, the communication parameters, in accordance to the interlocutor's reactions." In this way, when we listen to others' words, we make a series of gestures, for example: we nod our heads, we direct our look to the interlocutors, we move our lips etc. Depending on the accuracy of perception, the speaker will modify their speech in the direction required by the regulators.

The *adaptors* constitute the class of gestures the least connected to communication, and in the kinesic research initiated by Ray L. Bridwhistell (1952/1970, apud S. Chelcea, 2004, 135), a distinction is made between "alter-adaptors" (manual work related gestures, for example: sewing, typing), "auto-adaptors"

(movements executed for the fulfilment of biological needs) and “objectual adaptors” (movements that use objects, but not for their defined purpose).

Another important classification from the kinesics sphere is the one proposed by Desmond Morris, who identifies six categories of primary gestures: a) *expressive gestures* (which include the facial expressions, similar to the “affect displays” of Ekman and Friesen); b) *mimicked gestures* (when the transmitter tries to imitate as precisely as possible another person, object or action); c) *schematic gestures* (shortcut versions of the mimicked ones, with the difference that one element is retained, while others are omitted or reduced as importance); d) *symbolic gestures* (which signify an abstract quality and involve numerous cultural variations); e) *technical gestures* (specific to a certain profession, which have meaning only within the specific activity); f) *encoded gestures* (specific to receptors from a certain category, but different from it by the fact that they combine in order to create structures with a meaning based on the spoken language model; a relevant example is the American Sign Language). You can find this information and more in the exceptional book of Desmond Morris (1982)- *The Pocket Guide to Manwatching* (third edition, London: Triad Grafton Books).

Although he is author of a series of best-sellers, we cannot ignore the view of Roger E. Axtell (1991/1998, *apud* S.Chelcea, 2004, 137), who writes about three large categories of gestures: a) *instinctive gestures* (for example scratching the nose when we are about to say a lie); b) *encoded gestures* (or technical, characteristic to a certain profession); c) *acquired gestures* (acquired by people as members of certain cultures).

Another best-seller author, Allan Pease (1981/2001, 21) brings to our attention a frequent mistake found when decoding nonverbal messages, that is the isolation of a certain gesture from others or from the context. In his opinion, in order to decode the gestures, it is imperative that they are taken into consideration as a whole: in this way, each gesture is similar to a word, and a word can have multiple meanings. We can fully understand the meaning of a word only if we analyze it in a sentence, together with other words. This is also applicable to groups of gestures which, if set in context, express the truth about the feelings and the attitude of the person. Observing the groups of gestures and the congruence between the verbal and non-verbal aspects of the communication helps to correctly interpret the meanings of the nonverbal signals, provided that their context is also taken into consideration.

According to Horst Ruckle (1999, 284) gesticulation is “the sum of all the individual expression possibilities of arms, hands and fingers, which have to stream from the speech rhythm.” The same author makes a clear distinction between the voluntary and involuntary gestures. Thus, the gestures are voluntary if the movements of the head, hands and arms are produced consciously, whereas the involuntary gestures involve those movements that we are not aware of. Numerous involuntary gestures are innate (defense reflexes) or acquired from the surrounding people.

Ruckle (1999, 285) considers that the gestures which are consciously assumed but are not corresponding to our values and objectives, can appear artificial or even silly. Just as the underlining, demonstrative and touch gestures, the voluntary and involuntary gestures have the ability to accompany, complete or replace a

declaration. For example, if the declaration “I like you” is accompanied by gestures such as the palms headed forward and faced downwards (which can signify “leave me alone”), it can appear insincere; if only the hands were faced downwards, then the declaration could mean: “there is no doubt”.

Have you ever noticed that in certain important situations (participating in a job interview, during a negotiation) there have been “gestures that betrayed you”, that revealed much about your degree of involvement in the conversation or whether you feel dominated or submissive? Peter Collett (2003/2005, 15) has assimilated these types of gestures to behavioral indicators, which have to reach four conditions in his opinion:

1. There has to be a type of activity (for example a physical trait of a person, a body movement).
2. The action has to transmit something that is not clearly noticeable.
3. The action has to be noticeable.
4. The meaning of the action has to be recognized.

Collett (2003/2005, 19) believes that some of the nonverbal signals used, called disguised signals, give us away, and they mean something different than the reality. For example, the involuntary gesture of wiping the eyes tries to present itself as an innocent attempt to remove an impurity or a speck of dust, but it can actually mean that the respective person is sad. But Collett (2003/2005, 20) believes that the authentic indicators are the ones that truly reveal what happens in someone’s mind: most of the times, they reveal things that the author would like others to know about him but which he tries to hide from others at certain times. The authentic indicators appear in situations when people try to confuse others, when they try to look more dominant or more courageous, more self-confident than they really are, when they lie or when they try to hide their nervousness or their true intentions.

Unlike the authentic, real indicators we can find false behavioral indicators, which seem to indicate a certain thing about a person, but they don’t. A false behavioral indicator is found when somebody simulates a behavioral indicator without having the attribute or the psychological state associate with it. Peter Collett (2003/2005, 24-31) identifies other types of behavioral indicators, such as:

1. Usual behavioral indicators (blushing, shoulder shrugging)
2. Local indicators (which belong to a certain cultural zone)
3. Signature-type indicators (or characteristic to a person)
4. Time related indicators (dependent on what happens at a given moment)
5. Prediction type indicators (which show what the person will do next or how a confrontation will finish)

Knowing the behavioral indicators is necessary because they sometimes offer us information that the authors themselves are not aware of, mainly because certain indicators are controlled by involuntary brain processes and are beyond the conscious control. Behavioral indicators are similar to the words of a language, and in order to

have a better interpretation of these we have to be more careful, because we can only understand people's thoughts and feelings by observing what they say and do.

After we identify all the categories of behavioral indicators, it is necessary to assign them meanings, for a correct decoding of the message that they transmit. Given that the gestures are multiple and realized through numerous channels, they have to be sorted also by the body parts used to execute them, and in this case we have gesture realized with: a) hands; b) head; c) trunk; d) legs. Further, I will examine the attribution of meaning to 20 gestures realized with the hands, as they are the most common but also the most difficult to interpret.

CASE STUDY: TEENAGERS' CAPACITY OF DECODING AND UTILIZING GESTURES

The research I have conducted aims at being part of the nonverbal communication field (with focus on the competence of nonverbal intelligence), tackling the problematic of the capacity of decoding and utilizing the gestures in teenagers. It is well known that the literature in the field of nonverbal communication, especially the one dedicated to younger age categories is extremely poor. Therefore this research is mainly exploratory and descriptive. Even if in this situation formulating a work hypothesis is difficult, I considered it necessary to propose two hypotheses, but they will not be presented before clarifying the reasons behind them.

Cultural anthropology has the answers to some of the questions raised in the discussion, especially by the fact that it refers to considering the nonverbal behaviors as having the same meaning in all cultures. We deal with nonverbal signals which are specific to a certain geographic, cultural or social space (for example the greeting from the Far East by bringing the palms together and bowing). Therefore the following question is raised: which gestures are specific to the Romanian culture, which define us as a people? There is no scientific proof that can highlight this, making room for future research on this subject.

Beyond this macro level emblem, (at geographic level areas, regions), we can find within each culture nonverbal elements specific to certain social classes, respectively to certain structures within the same culture. Also, groups and organizations have their own set of rules regarding the nonverbal behavior (for example the Masonic greeting). And the usage of language emblems is depending on the level of education, age and gender of the individuals. Thus, the work hypotheses of the study are the following:

1. Within different age groups the teenagers offer the same meanings to the gesture emblems presented in the study.
2. The frequency of use of certain gesture emblems is the same within different age categories.

The research method consisted of distributing a questionnaire (Annex 1), where the meaning of 20 presented gestures was analyzed (Annex 2), as well as the frequency of their use and whether the respondents noticed them at others. The

questionnaire was distributed to 111 participants (84 girls and 27 boys) within the “George Cosbuc” Bilingual High School in the period September 2014 to February 2005. The respondents were divided into two age groups, under 16 and over 16, summing up the following: 67 respondents under 16 (46 girls and 21 boys) and 44 respondents over 16 (38 girls and 6 boys).

I will start by addressing those gestures that have been widely recognized (most answers closest to the real meaning) by the teenagers, by recognizing the meaning it is implied that the teenagers attributed the same meaning as the adults did. The signs concerned are the ones from images 5, 7, 9, 10, 12, 13, 16. In this manner, the first gesture, the one that expresses discontent (disapproval) towards the action or the behavior of people, has been correctly identified by 47 teenagers under 16 (out of 67), and by 34 teenagers over 16 (out of 44).

The gesture from image 7 has been recognized, in the meaning that the teenagers attributed the same meaning as the adults, and was perceived as obscene by 37 teenagers under 16 (out of 67) and by 29 teenagers over 16 (out of 44). The “OK” emblem formed by connecting the thumb with the index finger and creating a circle, keeping the other fingers straight and the palm oriented towards the spectator, translates the words “all correct”.

The spreading of this gesture throughout the whole world, as a clear expression of the “mcdonaldisation” of the nonverbal communication, can be found in our culture too. Although it is a relatively newly adopted sign in the autochthonous culture, it has an extremely rapid capacity of spreading at all levels of society. Thus, 53 teenagers under 16 (out of 67) and 36 teenagers over 16 (out of 44) have identified the sign as representing the sign “OK”, representing the sign with the highest degree of recognition.

As far as the emblem 9 is concerned, we have to mention its correlation with the “thumb up gesture”, which involves raising the thumb while all other fingers are closed, gesture found in image 16 within the questionnaire. This is why 47 teenagers under 16 (out of 67) and 28 teenagers over 16 (out of 44) have attributed the same meaning to the “OK” and “thumb up” gestures. It seems that both gestures, “all correct” as well as “thumb up” have received the same meaning attribution.

The sign presented in image 10 received a special interest by being attributed the meaning of “rock” (representative sign for identifying the rock culture) and it reminds us of the channel whereby the teenagers entered in contact with this symbol, the television, via the music shows. Whereas the Italian culture associates this gesture with “cuckold” or “demon”, our culture associates this gesture with the rock culture popularized by television. Therefore 27 respondents under 16 (out of 67) and 25 respondents over 16 (out of 44) have attributed the meaning of “rock” to this gesture.

As far as the gesture in image 13 is concerned, it represents the approval and it is generally valid in the human culture, being used from the youngest ages. It can serve as basis for communication (in the sense of not only transmitting but also decoding an answer, in this particular case both “yes” and “no”). The attribute of approval has been offered by 38 respondents from the age group of under 17 (out of 67) and by 33 respondents from the age group of over 16 years (out of 44).

Alongside gesture in image 7, considered obscene by the respondents, the gesture in image 12 was also considered to be obscene. 42 respondents under 16 (out of 67) and 29 respondents over 16 (out of 44) have considered this gesture obscene. Gestures in images 1 and 3 have a fairly high degree of recognition among teenagers, but with a few remarks. Image 1 represents a hand with fingers brought together and raised to the mouth level, executing a forward movement as a sign of a positive appreciation of an object or a person. Both age groups have attributed similar meanings, as “excellent”, “good job”, “great”, “satisfaction”.

Although image 3 represents a gesture used mainly in childhood, as a sign of mockery, not in a mean way, but as a way of teasing, the teenagers perceive it differently. Thus, 20 teenagers under 16 (out of 67) and 25 over 16 (out of 44) consider this gesture an insult. The gesture in image 4 is used to support an explanation, but it can also be used as a reprimand if used with a nervous hand movement. Most of the teenagers associated it with a support for an explanation, with 25 respondents under 16 (out of 67) and 12 over 16 (out of 44). In other cultures, for example the Jewish one, this gesture is associated with the request to wait, and in the Italian culture it is used as a reprimand.

The gesture in image 2, which involves crossing the index and middle fingers, refers to telling a lie (they are usually held at the back, in order to bring luck when a lie is told). Both age categories have attributed 2 meanings to this gesture, as following: 38 teenagers under 16 have associated it with bad luck, while 13 have associated it with good luck, from a total of 67 respondents. Within the age group of over 16, the situation is more balanced: 19 respondents attributed the gesture to good luck, while 17 attributed it to bad luck.

Image 6 presents a gesture where by means of pulling the lower lid downwards with the finger the eye becomes larger, a result of this being a raised attention. The gesture was identified as a warning sign by 22 of the respondents aged above 16 (out of 44), and the other age category attributed the same meaning to the gesture.

Images 8 together with image 11 are the few gestures that were not only unrecognizable, but they were not attributed any significant meaning, having the lowest number of answers. Thus, 27 of respondents in the age group of under 16 have not associated any answer with gesture 8, while in the other group 21 respondents have not associated any answer with it. Image 11 stands out by the fact that alongside being attributed no meaning to the gesture, it has still been associated with an obscene gesture, in 13 cases in the age group of under 16 and in 8 cases in the age group of over 16.

Gestures in images 14 and 17 are relatively recent in the autochthonous behavior and are mainly adopted by teenagers, with different meanings based on age group. Teenagers under the age of 16 (16 out of 67 respondents) consider this gesture obscene and only 9 respondents find it a gesture of insult. The answers change when we switch to the age group above 16, where the insult meaning is predominant (20 respondents out of 44) and only 7 respondents find it an obscene gesture. Gesture 17 has a great share of nonanswers (28 in the age group under 16 and 13 in the age group of over 16), and only 9 respondents under 16 and 10 respondents over 16 attribute the meaning of “nail biting” to the gesture.

Gestures 15 and 19 have received a similar meaning in both age categories, the meaning of a “thinker”. 17 teenagers under 16 have identified image 15 as a “thinker”, whereas in the next group up to 22 respondents have given the same meaning. The image 18 presents a touch between the hand and the ear. If somebody provides a stimulus that the receptor perceives as a punishment, it is possible that the receptor will pull the ear himself, because the fingers pull the ear lobe once or twice.

There are situations when one or both hands are brought closer to the ear, with the purpose of increasing the ear pavilion for a better hearing. Rubbing the ear is in fact an attempt of the hearer to avoid listening to the bad things, by trying to block the words with putting the hand around or on top of the ears. In our case, 20 respondents under 16 have attributed the meaning of listening to this gesture, whereas 10 respondents above 16 have translated this gesture as “lack of hearing” (I can’t hear you!).

The gesture in image 20, made popular by Winston Churchill as a sign of victory in the Second World War was attributed the same meaning by 18 respondents under 16 and 18 respondents over 16. Another meaning attributed to this gesture in the group of under 16 is the one of “peace” (19 respondents out of 67), whereas the other group has not conferred any significant importance to this gesture (3 cases only). It is interesting to mention that 11 cases in the age group of over 16 have associated this gesture with an obscene one, in the case when the palm is oriented toward the speaker. This gesture can also represent the number “two” in many European countries, and in our case 17 respondents under 16 have conferred the gesture this meaning, whereas in the next age group it was lacking completely.

It is interesting to notice the frequency of use of these gestures by teenagers and other people, in correlation with the specific age group and gender. As a result, the gestures with the most frequency in boys under 16 are the ones from images 13 and 16, namely the gestures associated with “yes” and “thumbs up!”. At the same time gestures in images 5 and 9 (“shame on you” and “ok”) are sometimes used by the same respondents. If the gesture in image 2 (“fingers crossed”) is the one used the least, the boys from this category never use the gestures in images 3, 7, 10, 12, 18. The respondents were asked whether they see the gestures in others and they responded with yes to gestures in images 13 and 16, whereas gestures in images 2 and 5 are sometimes seen in others. Gestures in images 10, 15 and 17 have never been seen in the entourage of the respondents.

The girls under 16 use the gestures in images 9, 13 and 16 the most, and we can conclude that the female gender uses the gesture “ok” oftentimes, realized by connecting the thumb with the index finger. They sometimes use the gestures in images 2, 5, 9 and 12, and they use the gestures in figures 1, 2, 3 and 5 fairly seldom. The gestures least used by girls under 16 are the ones represented in images 7, then 12, 14 and 17. Among the gestures often met in others, either family of friends, are the gestures in images 13 and 16, the same gestures noticed by boys in the same age category. Other people use the gestures in images 2, 5 and 1 only sometimes, and the gesture in images 7, 3, 6 and 9 (obscene gestures) have been identified very rarely. Gestures never seen before are the ones in images 4 and 12.

If we switch to the next age category of over 16, we will notice that the girls are often using 2 gestures identified in the previous category (13 and 16), adding the gesture in image 10 (the rock gesture), which is frequently found in the higher age category. Gestures in images 9, 16 and 5 are sometimes used, and the gestures in images 3, 1 and 15 are seldom used. The gesture that is the least used within the girls' category is the cuckold gesture, image 11, followed by gestures in images 7 and 15. As can be noticed, the obscene gesture in image 11 is almost never used by the female gender of both ages. Gestures in images 13, 16 and 9 are the most often noticed at others, and gestures in images 2 and 5 are sometimes seen in others. Gestures 3 and 7 are very seldom seen, and gestures 11 and 18 are never noticed.

The boys over 16 (although they are only 6) can deliver us some necessary information: the most common gestures are 13 and 16, similarly to the boys in the younger age group, and the "ok" gesture is sometimes used (image 9), as well as gesture in image 16. Rarely used gestures include image 1 and 4, and never used are the ones in images 11 and 12. The gestures most often seen in others are the ones in images 5 and 9, and never seen are the gestures in images 11, 6, 8 and 10. In conclusion, this study reveals the fact that teenagers in different age groups attribute the same meanings for the gestures in the questionnaire, and that their usage frequency is the same within both age groups.

CONCLUSIONS

How are the emblems acquired? What is the age they are incorporated into the gestures repertoire of children/ teenagers in different cultures? Do children recognize the emblems before starting to use them? Which emblems do bilingual people use? These are some of the questions that were at the base of this study and just a part of them were answered within the final data of this research. Alongside scientific curiosity, another motivation for this study is the fact that the literature is very poor when it comes to the systematic analysis of nonverbal communication, especially in lower age groups, such as children or teenagers. Childhood and adolescence are two periods in the social process when the nonverbal elements are dominated either through the expression manner of the individual, or through reactions to the outer environment, with children and teenagers decoding in the first place the gestures of those they have contact with.

The same questionnaire (with 20 gestures) has been conducted with respondents who belong to the above mentioned age categories, children within a kindergarten (a study conducted with the occasion of a Communication Master's thesis presentation within the Sociology University by Lavinia Popa) and teenagers within a bilingual high school. This fact allows us to create a comparative presentation of results concerning the attribution of meaning for these gestures in different age groups.

The research conducted in the kindergarten reveals the fact that children, when interacting with the surrounding world, have the attention oriented towards the nonverbal language, and they adopt different emblems in an irregular manner and

they do not confer the same meaning as the real ones, but they attribute own meanings based on their experience.

On the other hand the teenagers have recognized and attributed correct meanings to the majority of gestures presented in the questionnaire, meanings attributed by adults as well, mainly as a result of experience and a high degree of socializing. The gestures with the highest degree of correct recognition by both age groups are the one that express the discontent towards somebody's behavior (shame on you), the gesture used to express approval (yes) and thumb up (OK). This fact allows us to emphasize the importance of socialization and of the learning process in order to develop the nonverbal communication competency.

If the gesture in image 3 (thumbing one's nose) is associated mainly to childhood, being used as a tease at younger age, teenagers have a modified perception, with most of them (especially teenagers over 16) associating it with an insult. The gesture in image 10 ("the cuckold") is explained from the game perspective at children, but it is also connected with cartoons (Spiderman), indicating that children learn about a gesture through other channels than parents and relatives, namely the television. The same mass communication means is used by teenagers for undertaking and interpreting the meaning of gestures, but the attributions are different, as can be seen in the case of the gesture "the cuckold" which is associated with rock music.

Some gestures (for example the one in image 2, which protects you when telling a lie) have not been recognized by pre-school children, a fact that shows us that they have not come across it yet, because the superstition connected with this gesture represents a complex rationalizing process, the cause-effect type, with speculative-metaphysical connotations. The fact that in adolescence these mechanisms function and are used in the daily communication allows us to identify two meaning attributions to the same gesture, namely "good luck" and "bad luck".

There are of course gestures (mainly those identified as obscene by teenagers) which have not been recognized by pre-school children and have also not been attributed any other meaning. A similar case can be found in teenagers, who have not given any meaning to gestures such as the one in image 8 because this gesture is relatively new in the autochthonous behavior and not utilized by them.

In conclusion, the current study made in comparison with the study for pre-school children reveals the fact that age is an important factor when it comes to assuming and using certain nonverbal language elements. Most of the times the generally accepted meaning is adopted while sometimes different gestures are attributed specific meanings. Therefore, alongside the usual channels of reception and assimilation of certain nonverbal behaviors, such as family, friends, school, an increasing role is played by mass communication means, such as television.

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ANNEX 1- QUESTIONNAIRE

We communicate our thoughts and feeling not only by means of words, but also using gestures. Some of the gestures are used more frequently, while others are rarely used. It is difficult to know the meaning of all gestures.

Our purpose is to find out whether different age groups (pupils, students, teachers etc.) know the meaning of the gestures presented in the pictures reproduced in the questionnaire, how often they use these gestures and if they noticed them in others.

Briefly indicate (even using a single word) the meaning of the following 20 gestures. In case you do not know the meaning of some of the gestures, move on to the next one. If some of the gestures are inappropriate, just specify “obscene gesture” or “insult”. Cross the other answers which correspond with your opinion or situation.

At the end of the questionnaire there are a few questions about yourself (age, sex, occupation), which will help us to group the answers according to social-professional categories.

The questionnaire has a scientific finality. The value of our attempt to study the nonverbal communication depends on your collaboration.

All pictures from 1 to 20 show different hand gestures.

Participants to this research must answer the following questions:

1. What means this hand gesture?
2. How often do you use this hand gesture? (often, sometimes, rarely, never)
3. Did you other persons who use this hand gesture? often, sometimes, rarely, never)
4. From your observations, which hand gestures from pictures 1-20, are the most used by: boys (until 16 years old), girls (until 16 years old), teenagers (between 16-25 years old boys) and teenagers (between 16-25 years old girls), men (over 25 years old), women (over 25 years old)?
5. From your observations, which hand gestures is used most by people with lower education: boys (until 16 years old), girls (until 16 years old), teenagers (between 16-25 years old boys) and teenagers (between 16-25 years old girls), men (over 25 years old), women (over 25 years old)?
6. From your observations, which hand gestures is used most by people with higher education: boys (until 16 years old), girls (until 16 years old), teenagers (between 16-25 years old boys) and teenagers (between 16-25 years old girls), men (over 25 years old), women (over 25 years old)?

ANNEX 2

These are the 20 hand gestures used in this research.



ENTREPRENEURSHIP AND THE IMPORTANCE OF EARLY ENTREPRENEURIAL EDUCATION IN ITS DEVELOPMENT

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ABSTRACT

The society, apart from the way it is considered, represents an interesting compound of different personalities, activities, situations – all of the things that seem usual at first glance, but really point out the beauty of the world – its complexity.

The activities that men performed in the past, those going on at the moment and the ones to be undertaken in the future stem from the motives possessed. In order to meet them, there are numerous interesting and not less important business ventures. New ventures are started by individuals or groups led by a vision of a better life, better future where the existing needs will be met, but some new ones will also arise, the needs to move future entrepreneurs to start their own business, more or less innovative ventures.

Entrepreneurs are an important part of the entire society. There are just a few real, true entrepreneurs, which makes them very valuable and necessary to nourish. Education plays an important role in creating awareness about the significance of creative and innovative way of thinking which represents the foundation of every entrepreneurial personality. New knowledge and skills should be acquired throughout the whole life, the existing ones should be improved – one should learn continuously. Education has a special importance and influence for young people through directing them into a business they will do. The way of thinking and the attitudes they will adopt during their education remain for the whole life and determine the kind of society in the future – the kinds of people that will make it. The correct way of looking at the reality, the changes appearing in the various areas of a person's life and perceive opportunities for advancement and business success – these are only some of the principles that the young should adopt in order to make a future world a better, entrepreneurship-based society.

Key words: *Entrepreneurship, Youth Entrepreneurship, Education, Early Entrepreneurial Education, Traditional Educational Model, Contemporary Educational Model*

JEL Classification: *A20, I20, M50*

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INTRODUCTION

The environment that a person lives in and the people that surround him have a great influence on the development of a person, the kind of person he or she will become. There are a lot of examples about somebody starting his own business and succeeding, but unfortunately, there are much more of those who suffered a “shipwreck” in their business venture. The examples are numerous, with a specific influence on the young people who will make a foundation and be responsible for the development of the world in the future. The proper way of thinking based on the enterprise and readiness to comprehend the existing situation, and finally, risk-acceptance should be personified through the knowledge that the young will receive in the process of education. Schools, however, mainly have out of date curricula based on large amounts of theory and very little or no practice at all.

The connection between the economy and the educational system is a very important link in the process of making creative people, people prepared to adjust to the ongoing changes, ready to take the best from every newly established situation – experience.

Apart from the formal system of education, the attention has to be directed towards other forms of acquiring skills that appear – so called non-formal education. Only in connection and cooperation is it possible to achieve a mutual objective – the preparation of the young for life. Positive and negative examples are often intertwined, influencing attitudes and taking people to one side or the other, but the main conclusion of taking these into consideration is that the successful ones in their ventures are rare. It most often takes years of hard work and sacrifice to start a business that will be successful and profitable. No one should ever give up, but learn from the experiences.

Potential entrepreneurs are all young people with various levels of education – some shows entrepreneurial spirit early, and others later in life. It is necessary to invest in the development of the young, especially in their entrepreneurial skills and abilities which will help them later in starting their own business entrepreneurial venture, but also in its further development and survival in the market. The attitude towards the young also shows the attitude the state, as well as the complete society, takes concerning itself and its own future.

THE CHARACTERISTICS OF AN ENTREPRENEUR AND THEIR IMPORTANCE FOR THE ECONOMY

Unemployment, as the problem of the large part of the population, represents one of the main characteristics of a number of countries, and at the same time, one of the important indicators of the state that the country is in. Employment in public companies and other government institutions and organizations alone is not sustainable – it is impossible for all people to work in the public sector in the market economy conditions. The existing business entities have their own plans

and objectives they want to achieve, and therefore employ only those people who can meet their criteria through the educational competencies and experience they possess. It is quite normal because every company wants only the employees who can perform the job completely and fit in the corporate culture existing within the company. On the basis of the information provided, self-employment is one of the main ways to solve the problem of unemployment within the younger, as well as the older population.

Entrepreneurship is a means of doing independent business primarily based upon the innovative ideas and creativity expressed in all the stages of the business process. Entrepreneurial way of doing business is not a classical performance; that is a focus on achieving a visionary objective which will mean benefit not only for the business owner, but also for the people in his closer and wider environment.

Every beginning is risky, therefore entrepreneurship is based upon accepting risks. The risk of a potential failure is equally shared by those deciding to start the realisation of a certain activity that could be described as “precarious” as well as those who remain at the present positions in order to avoid the uncertainty mentioned, doing business in the safe and approved ways. The former risk a business failure of a new venture, together with the existing one because of undertaking activities where a possibility for success cannot be determined with certainty; therefore bad results in a new business cause negative influences in the total business activities. As opposed to these, there is a risk for the people remaining in the “safe” positions – those activities already tried in the market, and proved profitable. “The safety” of the existing business, that is not doing anything new, leads to the falling behind the competition, so doing anything is a better choice than doing nothing at all. That is exactly a characteristic of a genuine entrepreneur – the readiness to accept the uncertainty in order to achieve the established objectives.

“Entrepreneurship is neither a science nor an art. It is, in the first place, a practice, that is, a practical application of knowledge, skills and abilities in the certain area, with a high level of personal individuality” (Karavidić, 2008, p.2).

Entrepreneurship cannot exist within a certain economy unless there is “competition and private property.” Hence the state and collective entrepreneurship is not entrepreneurship in the true meaning of the word. There is no competition for the state, because it is the strongest economical and political authority in its own region by definition, and it cannot be compared to itself“ (Pavličić, 2003, p. 89), but the readiness to face the competition in the free market is one of the main principles of all entrepreneurs.

Changes occur very fast in the modern world. Only the people who are prepared to foresee them, identify them and respond to them adequately can reach success – these are the genuine entrepreneurs.

Their characteristics are something that distinguishes the entrepreneurs from other people, but not only it distinguishes them, it also additionally points out their individuality. They help making a better, clearer picture about who the entrepreneurs really are. You cannot find two completely the same individuals in the whole world, two completely the same physical and mental personalities, and

therefore it is not possible for all the entrepreneurs to have exactly the same characteristics. The entrepreneurial characteristics are more or less present in all entrepreneurs, and possessing them makes a difference between an entrepreneur and the rest – average people. “The basis of the entrepreneurial success is the entrepreneurial quality, which is the reflection of the entrepreneurial spirit, and it is implicated in the following:

- entrepreneurs are the seekers for new chances,
- they are future-oriented,
- they try to be the best,
- they are market-oriented,
- they know how to value their cooperatives,
- they are realistic,
- they are constantly oriented towards achieving new objective,
- they possess realistic, creative optimism,
- whatever they decide, they quickly put into practice ; they rarely give up, even when facing serious problems,
- and finally, an entrepreneur makes decisions rather quickly, and that is the key to his success.” (Karavidić et al.,2015, p.39)

The above mentioned characteristics make a complete picture about what a real entrepreneur should be like. Motivation, creativity, innovation and risk-taking are only some of the other characteristics often connected to them.

The motives are based upon the existence of one or more needs with a different strength of influencing people, but basically they are “the inner moving strength of a person, encouraging and directing his behavior” (Petković, Đokić, 2014, p.210). The motivation for starting a new venture can differ from one entrepreneur to another. It ranges from the wish to become wealthy, the need to show the others personal capabilities for successful business management, the inflow of means of free living, to helping others, improving the way the society works, and others. No matter what the prevailing motive is, it is important to start a business venture, that is, a motivation strong enough to arouse the entrepreneurial spirit in a person, as well as the wish for starting a proper business.

From the other people`s point of view, the entrepreneurs often have very “funny” ideas which can cause a lack of understanding and irony, but they keep the meaning mentioned until they prove their market value through certain creative innovation. Only after achieving business success do people speak about the exceptionality of the idea in question, no matter what they previously thought or said about it. Creativity as a type of unconventional thinking is very important for entrepreneurs, exactly because of the final result of the process, and it is creative ideas that the entrepreneurial innovations are based upon.

Innovations are “the first introduction of any new product, process or system within an economy” (Group of authors, 2006, 255), and they represent the main characteristics of entrepreneurship. Creativity breeds ideas, and from those the innovations are born through their implementation in a certain market.

To accept the risk means to be ready to accept either a profit or a loss. Entrepreneurship, and business in general, is like a game – many try, most lose, but only a few are given a reward. Therefore one should try, because the one who plays by the market rules can hope for success, no matter how often he fails – it is important to succeed at least once.

“Intuition, experience, knowledge and reality are the best components in the realization of the entrepreneur’s ideas. One without another does not create opportunities, does not solve problems, does not point out dangers or reach the range of the undertaken business decisions” (Pavličić, 2003, p.91)

The importance of entrepreneurship for the country’s economy is great. It can be seen in the lower level of unemployment, but it is only one of the positive effects of entrepreneurial attitude to business. Some other benefits a country can get from entrepreneurship, as well as small and medium-sized companies are:

- “they create a wider and better quality offer in goods and services for domestic market needs fulfillment
- they create a large share of the domestic product
- they employ a large number of working-age population
- they provide a significant amount of taxes for the state budget
- they introduce innovation through entrepreneurial activities and quickly adjust to the market demands
- they improve the international competitive position of the country in the international exchange
- they represent a constant challenge for large companies to behave according to the market and manage the resources rationally” (Milošević, Vujičić, 2015, p.18)

The consequence of the entrepreneurship growth and development, which may even be the most important one from the aspect of the functional and economic growth of a country is “healthy companies in the leading line of developing new, innovative technologies that influence the social community in a progressive way, with the quality of their products and services more than anything else.” (Ivković et al.,2013,p. 56)

Small and medium-sized company sector, through which the entrepreneurship-based business is most often shown, is one of the ways of the development in rural areas of a country. It has great resources at the disposal for starting independent business, not only in agriculture, but in other areas of the economy as well. “In order to accelerate the economic growth in rural areas it is necessary to increase the number of entrepreneurs, thus creating a critical mass of the first generation of entrepreneurs who will take the risk and engage in an uncertain environment, in creating new opportunities, making something practically out of nothing.” (Gajić, 2014,p.10) Unemployment reduction in rural areas with the usage of at least a part of the potential these areas bring along, awareness creation that one can live well in the country as well as in the city (which is mainly connected with the comfortable life term) – these are just a few of the positive effects of entrepreneurship development.

Encouraging entrepreneurship development is possible through the existence of the support of a number of institutions, both on the national and the international level. “The governments of the countries where entrepreneurship support and incentive models are applied played the key role in the process” (Ivković et al., 2013, p. 56), and that role relates to creation of the conditions for starting new and development of the existing businesses among other things, where education of the young people may have the key significance.

THE ROLE OF EDUCATION IN PEOPLE’S LIVES

Acquiring new knowledge represents one of the main activities that a society has to conduct in order to prepare its members for life full of the most various challenges. “Learning consists of all the processes, from birth to death, that help a person shape the behavior and spiritual preferences influenced by experience” (Pikering, 1971, p.25).

It is very important to learn in youth and later, during the whole life. The person who constantly learns will always be ready to react fast, solve problems and overcome obstacles in the way. There is a big role of education in the above mentioned process of acquiring skills and knowledge as “a collection of methods that a society uses to try to direct or accelerate the learning process” (Pikering, 1971, p. 28) which represents a good foundation for the development of the new generations prepared for achieving the set objectives in the future.

Education can happen in the various life stages and with the mutually different means of its implementation – in schools, at home, in interaction with people, at work, in the agencies and institutions that offer retraining and additional training services, etc. A potential place for knowledge acquisition is everywhere around us, and that points to the fact that the process of learning is conducted continuously, mostly consciously as well as unconsciously.

An educated individual with knowledge and the skills to apply it in practice is often stated as one of the main results or the desired goals of the educational process, but one of the most important functions of its existence is, in fact, “to develop the wishes and abilities for learning; the official education should be the preparation for a lifelong self-education.” (Pikering, 1971, p. 28-29) To determine the main functions of education is not very difficult, but “to transfer this purpose into an efficient and supple instrument is much more difficult” (Pikering, 1971, p. 41), and that is the reason for many problems in its functioning to appear.

Pointing out the importance of the educational process in a society, it is important to mention certain facts in its analysis:

- “First, educational processes have to be appropriate to age and level of mental development;
- Second, schools build on the things learnt at home, universities on the things learnt at schools; there is no department in this system that could be properly considered separately – it must be perceived as a part of a whole;
- Third, education is not or should not be interrupted by finishing school or university.” (Pikering, 1971, p. 33-34)

The need for information type and quality is not the same for all people. Each person has some attitudes and ambitions of his own, which often do not match with lessons learnt at schools according to set curricula. Everyone cannot be good at everything, but it is important to be exceptional in a specific area which is also a piece of advice for achieving success. Age difference also causes different interests, and generally speaking, the way of thinking and the way of life. The educational system should be of such a type to be able to adjust to those it was intended for, and that is the only way to realise its main role.

The continuity of the educational process is an important element, and its application is a characteristic of successful people. Entering the system of formal education is only the first step leading an individual into the world of learning, and each following step is just an indicator of the importance of learning through the awakened awareness that knowledge is one of the most valuable things to possess in the modern world. Through knowledge acquisition a person changes oneself, but it could potentially change the world as well.

Formal education includes “learning typically provided by an education or training institution, structured (in terms of learning objectives, learning time or learning support) and leading to certification. Formal learning is intentional from the learner’s perspective.” (European Commission, 2001,p. 32). This type of education most often refers to attending official educational institutions in the territory of a country, starting at primary school until university studies of the highest level.

Apart from the official, formal educational system, there are two more terms in everyday process of learning and literature processing it – non-formal and informal knowledge acquisition. Non-formal education includes the processes outside the official educational institutions – primary schools, secondary schools and universities, with the focus on the possibility of the practical application of the acquired knowledge, “while the formal education is often focused on the information which is of no importance for practice” (<http://www.iserbia.rs/info/tipovi-obrazovanja-26/>); thus the non-formal education represents an excellent addition to the formal educational system “in terms of various courses for specific skills, practical business knowledge, personal improvement...” (<http://www.iserbia.rs/info/tipovi-obrazovanja-26/>)

The main characteristic of the informal education is so-called “experience-based learning” that is acquired throughout the life in the most various situations a person can find oneself in, so this form of learning most often happens unconsciously.

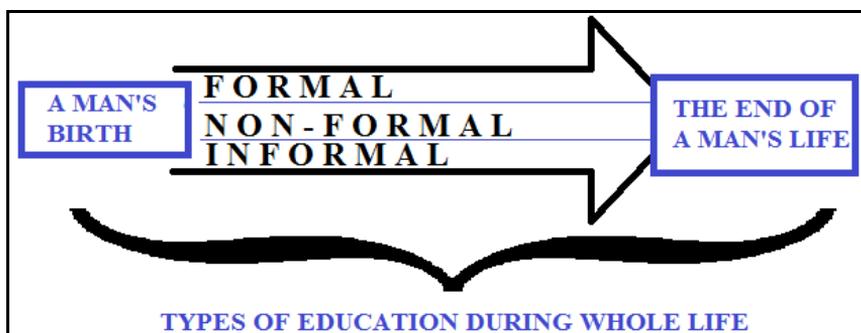


Figure 1: Continuous education during a person's life,

Source: Authors

Three specified forms of education should not be considered separately, but as a unique whole leading to the completion of the educational process during a lifetime; so if someone officially stops with the formal education, he or she can still continue with the other forms – learning lasts from the birth until death (Figure 1.).

A person who does not take care of his own education and gradual improvement makes problems not only to himself, but the people in his environment as well, and the increase in the number of these people can cause negative effects that could be transferred to the entire society they belong to. “A man who lost his wish for knowledge, or has never nourished one, is his own dead capital; he can also be a danger to the society if he finds himself in a responsible position because he cannot do his job with the expected competency” (Pikering, 1971,p. 36-37)

THE CONTEMPORARY SYSTEM OF EDUCATION VS. THE TRADITIONAL ONE

Considering the relations between young people and labour market, we can notice the dominating attitude that “the young are a homogenous group, and the strategies against unemployment of the young in the labour market can be uniformly applied in all countries” (Novaković, 2012, p.91), which, of course, is not true. “It is necessary for every country to determine the strategy individually depending on age, family ancestry, geographical location; then it depends on whether it is about the young in urban or rural areas, etc.” (Novaković, 2012,p. 91). Another among many problems is that it often happens that solving the problem of unemployment is based on the fact that “the programmes for new jobs are created according to the grown-up people looking for work, not according to the young” (Novaković, 2012,p. 92) which leads to the fact that most likely “the job will get someone who supports the members of his family, not a young person who can be supported by the parents.” (Novaković, 2012,p. 92) Of course, we should not focus on the young alone, but all the other categories of the unemployed through their inclusion in the complete process of solving the lack of work problem at the same

level; and a good way of offering support for the unemployed is the reformation of the existing system of education.

The problems in education are numerous and mutually different, but their existence should not be the excuse for sustaining the present educational system. The problems are here, and they obstruct the achievement of the set objective, but we should face them because if it was not true, if the people did not fight them through the course of history and found the ways of solving them, the civilisation would not develop but just mark time. The possible solutions to be applied are:

1. "It is necessary for all the business entities and relevant institutions to be interested and included in youth entrepreneurship development.
2. The young should not be uninterested and uninformed, but animated and affirmative towards youth entrepreneurship.
3. The young should be involved in all the necessary trainings in order to realise the steps that should be taken to receive certain funds.
4. The support to the newly established companies should be provided for a certain period even after their foundation." (Novaković, 2012,p. 92)

Education plays an important part in finding the solutions to the above mentioned problems. Unfortunately, the traditional education still dominates in comparison to the contemporary one in many areas. The terms "traditional" and "contemporary" tell us exactly about their importance at present – the traditional system should belong to the past, and the contemporary one to the present and future. The contemporary system does not mean denying everything the traditional system stands for, on the contrary, it is based on the partial application of the traditional and its adjustment to the true needs of the people that come from the labour market demands and everyday life.

Table 1: Comparative review of some of the characteristics of the traditional and contemporary educational systems

The traditional system of education	The contemporary system of education
Theory is more important than practice.	Practice is of great importance, without disregard for the theory.
Material overload.	Material bunk is adjusted to the needs of the profile the student is educated for.
Very little or no practice at all.	There is a large number of practice lessons which is compulsory.
Outdated curricula.	Education and economy are well-connected.
Weak or no connection between educational system and economy.	Strictly defined effects of the educational process according to the educational profile and economic needs.
The objectives and effects of the educational system are not well-defined.	There are both compulsory and optional subjects to be chosen according to the students' needs.
Compulsory subjects with no possibility of choosing the ones the student is interested in.	The student and his preparation for
Passive role of the student.	
The lecturer is in the centre of the educational process, not the student.	
One-way lecturer-student	

<p>communication is dominant. General-education theoretical literacy is encouraged. Student evaluation based on the student's repetition of the taught material. The use of the traditional teaching materials which are mainly outdated.</p>	<p>labour market are in the centre of educational process. Interactive two-way lecturer-student communication. Basic general-theory education focused on the elements important for a specific job performance. Evaluation based on the student's involvement in the entire teaching process, his participation and interest. The use of computers, multimedia and other modern IT available.</p>
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Source: Authors

The main characteristics of the two types of education (which can be seen in the table above) lead to the conclusion of the necessity of change introduction, and it is as follows:

- “to abandon some of the characteristics of the traditional lectures (lecture as the only way of teaching, student passivity, evaluation of exact reproduction alone..) and
- to appreciate the student, consider his age and individual characteristics, widen the teaching methods choice in the realisation of the programmes set in advance, take care about student motivation for learning, encourage development as a learning objective, not only material acquisition...” (Raletić et al.,2012,p. 171)

“Understanding the process of upbringing and education as a pedagogical communication between pupils, students, attendants and lecturers states the basic task of teaching organisation with an active learning subject as much as possible” (Tafra, 2012,p. 22). In the procedure of the modern concept of teaching realisation, there is an important part of mutual cooperation and interaction between:

- students,
- families,
- lecturers,
- educational institutions,
- economy and
- the state (relevant institutions of the state).

The main participant of the educational process is, of course, the student. His view of school and relation to it depends on many factors, but they have a lot of influence their entire attitude towards learning. “The objective of active learning is the personality and individuality development of each student, not only knowledge acquisition in certain subjects.” (Raletić et al.,2012,p. 169)

The family, as the foundation of every society, has an important influence on the student. That influence is first demonstrated in the formation of an attitude towards school, the necessity of the learning process, then the constant support for

overcoming various difficulties that the student might encounter during the process of learning. The explanation that school is not the place where the young are “forced“ to learn, but the one where there are possibilities to find out what they want, developing the students’ abilities in the areas of interest in that way, is an important task that a family should perform with the help of the school.

A lecturer is a person in the direct contact with the student, transferring the knowledge and directing him to find the answer in a creative way – the research. The most difficult task of a lecturer is to motivate the student to be completely engaged during teaching and to have two-way interactive communication. After that, when the student is interested, the large part of the task is already performed. The role of the lecturer is similar to the role of the guide who opens the student to the introduction of the different more or less interesting topics, pointing out some important facts in order to attract his attention so that the student can ask some additional questions depending on his personal interests – the student decides how much he is going to devote himself to the studies of certain topics.

Doing a teacher’s job would not be possible without the help and support of the educational institution he works at and the state itself. All of them should develop educational programmes in cooperation with the economy, suited both to the economy and the student, and that is not an easy task at all. “The involvement of the main actors and the experts in the field in the process of curricula production can present an important step forward towards result acceptance and implementation.” (Dualno srednje stručno obrazovanje u Srbiji – studija izvodljivosti, 2015, p.23)

A new educational system should make use of modern technologies in order to relief the learning process, to make it more interesting and available for everyone. “The system of education must use a concept of using the electronic educational devices in the process of learning so that their usage serves as a modern, useful means, suited to the spirit of the times. This is due to the fact that the educational process will always be “a priori” an interpersonal relationship. And such it should remain!” (Trifunović, 2013, p.41)

Modern system of education is based on the lifelong learning as well, on permanent education. “Permanent education is an invitation for every person who keep a constant struggle against prejudices, ready-made ideas, dead conventions, stereotypes, successive crystallisation of life.” (Langran, 1976, p.128)

In the society of the present and future the wealth will consist of those people who have information and knowledge useful for business improvement, make it more profitable and create much better competitive position in the market. We should invest in the employees, present and future ones, in order to improve their skills continuously, as well as the continuous development of the company as a result. The significance of knowledge over physical work is very important, and it will only increase in the future. “The focus of the contemporary concept of education is the direction towards the way of thinking which means productivity, not reproductivity. The working people of the future are the people who use their mind, the people with the strength of intellect to understand and solve numerous complex problems that the modern society puts in front of them every day, and with the original ideas.” (Marković Blagojević, Gavrić, 2015,p. 43)

THE EDUCATION OF THE YOUNG PEOPLE – THE FOUNDATION FOR ENTREPRENEURSHIP DEVELOPMENT

Knowledge and skill acquisition, constant improvement and research stand for the essence of the human being, from the beginnings until modern times. The examples and findings of the past should be analysed and understood, not just remembered in a passive way.

Achieving the objective defined as a preparation of the new generations for life, for the world where all things are not perfect and simple, that is the main activity of education in all its forms. It is important to teach the young about various skills useful in the future, but it is also important to intrigue the spirit of entrepreneurship in them, the strength to lead them to the successful achievement of the set business objectives – the importance of the early entrepreneurial education should be pointed out. The process that the individual undergoes in the entrepreneurial development could be seen in the following figure.

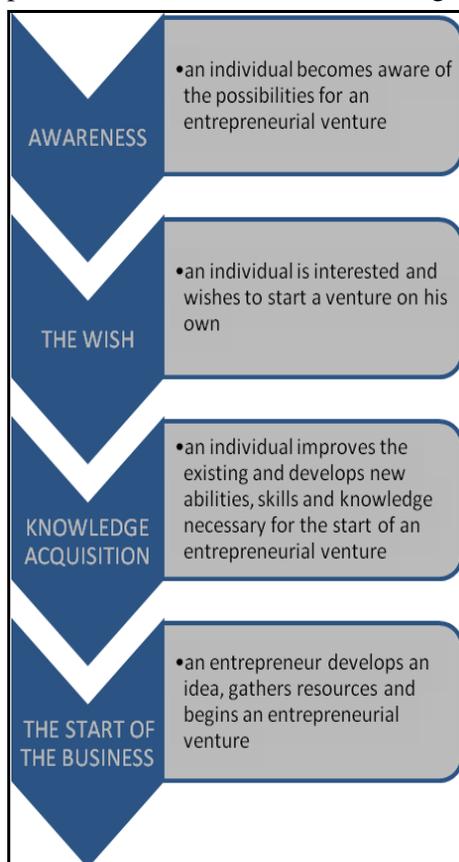


Figure 2: The procedure that an individual undergoes from the awareness of the importance of the entrepreneurial venture until its start

Source: Garabinović, (2015, p.59)

The realisation of the early entrepreneurial education concept is conducted:

- within the family, among friends, etc; that is, with the help of the influence of the closer and wider environment of the individual,
- through the attendance of various courses, conferences, seminars, trainings, etc as a form of non-formal entrepreneurial education, and
- within the institutions of the educational system: primary school, vocational school, high school and higher education institutions.

An entrepreneur who survives in the market successfully while performing a business activity possesses “a great energy for work, stability, creativity and innovation, visionary abilities and a high level of intelligence, not just the one realised through the formal education, but also through the knowledge about “the law of the streets” and “the feeling for business””. (Karavidić et al.,2015,p. 39)

Early entrepreneurial education begins before the end of the official system of education. First, it starts in the family and the immediate environment of a child. The children should be taught how to manage different situations as well as the basic principles of the moral behavior, primarily through the games, but also through the other forms of learning that might be interesting for them. “It could be said that the function of a game is to master a certain skill in a pleasant way.” (Pikering,1971,p. 29)

Learning offers two basic principles to a child “obligation on one hand, and freedom on the other. A child is subordinated to the grown-up world, and its personification are the parents and school authorities. It cannot decide for oneself, cannot choose whatever he/she likes, nor refuse the thing he shows no wishes or attitudes about. In terms of education, a child is just an object. The terms, contents, methods of various educational systems a child is involved in are imposed from the outside. Others think about the things that will be good and useful later, “when he grows up”.” (Langrad, 1976,p. 42)

Table 2: The percentage of the young who often hear the following sentences in their environment

I do not want to do just any work, I have a university degree	62%
Civil service is great, you do not earn a lot, but you do not work a lot as well	53,9%
It is better to stay at home than work for a low salary	49,9%
It does not matter that the salary is low as long as it is on regular basis	46,4%
I do not want to work for someone, I want to work for myself	36,3%

Source: LIBEK, Istraživanje – Preduzetnička kultura kod mladih, (2015, p.12)

The main problem in the immediate environment as a source of entrepreneurial behavior for the young is the lack of the entrepreneurial way of thinking, especially present in the former socialist countries in the process of transition (the table). There is a large potential for entrepreneurship development, but the problem is the

existing “wrong and unproductive direction of that energy” (Karavidić et al.,2015, p.26). In order to provide the conditions for the existence of the true entrepreneurship, it is necessary to change the way that the population understands this term, and only then can their influence on the next generations be of enough importance and inspiration.

Entrepreneurial education or entrepreneurial learning can be observed from the wider or the narrower point of view. “From the narrower point of view, entrepreneurial learning consists of knowledge acquisition about the start of an independent business venture and the economic literacy; from the wider point of view, it is directed to personal characteristics and skills development which are considered prerequisite for successful personal action of an individual as an entrepreneur.” (Strategija za cjeloživotno preduzetničko učenje 2008-2013, 2008,p. 5)

The work of creating new generations ready for a competitive business environment should be continued through the institutions of primary and secondary education. The priority is the introduction of the subjects that might be interesting for the students, especially because they encourage the application of the acquired knowledge in real life. “Curiosity is probably the most important element of creativity” (Pikering, 1971,p.33), and creativity is the foundation for innovative ideas as the key result of the entrepreneurial way of thinking.

Teaching activities should be formulated in such a way to develop curiosity, creativity, belief in yourself and your own success, wits, and before all else to search for answers and solutions to the problems they noticed themselves – a hidden entrepreneurial spirit is discovered and developed at a young age.

“Design methods used in the educational process for entrepreneurship from primary schools until high education are:

- students’ cooperatives
- students’ (virtual) companies
- pupils’ (virtual) companies
- real students’ companies
- business simulations” (Tkalec, 2012, p.23-24)

A lot of things can be shown in practice, not all things should be imagined. Various practical skills acquisition should have the advantage over a huge amount of information that the students get from theoretical lectures, and which, most often, they will never need in life in the specific area they will deal with. “Success depends on the awakening of interests and enthusiasm in young people. If this is achieved, education becomes comfortable both for the student and the teacher, and the learning is improved.” (Pikering, 1971,p. 29-30) Explaining the basic principles of theory, their understanding through quoting and pointing to many practical examples and the connection with the reason for the study of a topic – these are a good combination of creating and developing the system of the entrepreneurship-based education of the young. Some good examples of the above mentioned are: introduction of subjects into the senior classes of primary school and secondary schools, those directed to encouraging the innovative way of thinking and the abilities to accept the problems and start to solve them; the dual system of

education connecting the school with the economy thus creating the personnel completely able to do the jobs they are trained for. This system is still at its beginning in Serbia, while in other developed countries, there are successful results of its implementation.

When it comes to the situation in the European Union countries, “two thirds of these explicitly apply entrepreneurship learning at the level of primary education”, with “the dominant inter-subject approach in primary schools; generally, entrepreneurship is not taught as an independent subject”, although there are some models where entrepreneurship exists as “an independent compulsory subject or integrated into other compulsory subjects” or “an independent optional subject or integrated as a topic in some other optional subjects.” (Tim za socijalno uključivanje i smanjenje siromaštva Vlada Republike Srbije, 2015, p.11).

Different forms of workshops can be used within entrepreneurial education, “they are directed to the adoption of certain economic terms, with a special accent on the functional tasks for developing various entrepreneurial skills and abilities in students: initiative, independence, readiness for risk-taking, innovation, creative problem solving, self-confidence, tenacity, reporting skills, cooperation, flexibility within teams, and others.” (Lovrenčić, Vrančić, 2012, p. 210).

Secondary schools, as the continuation of the formal process of education, should be a sequence in knowledge acquisition about business skills of growing importance in the market. Depending on the type of the secondary school, there is a different importance and space devoted to entrepreneurship skill development – economy-oriented schools will, of course, have more entrepreneurship topics, but it is necessary to introduce its application in practice – real entrepreneurship training. At the secondary school level, students should be introduced to the topics such as: “introduction to company finances, ethics, marketing and resource management in the companies” (Strategija za cjeloživotno preduzetničko učenje 2008-2013, 2008, p. 7).

Within schools, after or during lessons, different forms of entrepreneurial projects could be organised where entrepreneurial ideas are designed and presented, competitions in business problem solving, the analysis of the condition and position of a certain imaginary or real company on the basis of the data provided, debates on possible solutions, and others. It is important to enable communication and interaction among the young, as well as between the young and the world of business which takes us to the wish for learning and knowledge acquisition to be applied in the real competition market. If a person wants to succeed, he must be prepared for success.

Labour market – economy and school – teachers and students must be in constant contact in order to make educated young people ready to start working as soon as they finish school either in an already existing company or in a new entrepreneurial venture of their own. Possibilities of practical usage of the theory they learned can have good results because the information is not learnt by heart, but in connection with everyday business activities in real companies – a large amount of theory means nothing unless we realise its importance in real life.

The term “dual education” is often talked about as an example of the school system and economy adjustment. The analysis of the term mentioned above can lead to its understanding of duality as “related to the places of learning, and also to the intertwined processes in pedagogy. In the first example, “duality” is related to learning in turns – in company and school. In the second example, “duality principle” is related to a combination of theory and practice. “ (Dualno srednje stručno obrazovanje u Srbiji – studija izvodljivosti, 2015, 9). In both cases, the “key characteristic is a combination of theory and practice, opinion and action, thinking and doing. Following this argument, we find two factors crucial for the establishment of sustainable learning processes: (1) harmonised alteration of theory and practice which, in the ideal case, happens in various places for learning; (2) educational experience of high quality in each of the places for learning.” (Dualno srednje stručno obrazovanje u Srbiji – studija izvodljivosti, 2015,p. 21).

Secondary school students should be given a chance to learn the basics of how to start and do business within a company – from creating the first idea until its realisation in the market. A good way to do this is to create student companies. “A student company is an educational programme for involving students in real company development, with real products and money during the secondary school education. The programme is based on the principle of learning through work – students create a company through a curricula monitored by the specially trained teachers – mentors, develop the company and close it within a year.” (Business Innovation Program Srbija, 2014,p.9). All the work about company functioning should be founded on the activities of the young people who attend this type of lessons, and “that implies that they organise the work in the company by themselves, they choose their business idea, do market research, make a business plan, produce a product/service, create marketing and promotion, and sell their products/services on their own. They take all these steps with the help and support of the trained teachers – mentors who give advice and help students in the realization of the planned activities.” (Business Innovation Program Srbija, 2014,p. 9).

The model of entrepreneurship studies in secondary schools in the European Union territory is widespread through “integrated and cross-curricular approach (in about two thirds of the countries), although the integrated approach (entrepreneurship topics integrated into various subjects) is slightly more dominant over the cross-curricular one.” (Tim za socijalno uključivanje i smanjenje siromaštva Vlada Republike Srbije, 2015,p. 11) Entrepreneurship also exists as an independent subject in a few countries, and it is defined “as a compulsory independent subject, as one of the optional subjects or as a part of the group of the economic subjects.” (Tim za socijalno uključivanje i smanjenje siromaštva Vlada Republike Srbije, 2015,p. 11).

“In upper secondary education (ISCED 3 – the final stage of secondary education) the cross-curricular approach is also widely spread, but a significant number of countries use the integral approach as well as an optional subject choice. Compared to the lower secondary education (ISCED 2 – the starting stage of secondary education), there are more countries offering entrepreneurship as an

optional subject.” (Tim za socijalno uključivanje i smanjenje siromaštva Vlada Republike Srbije, 2015,p. 11).

“Educational system should provide the development of creativity and curiosity of children in the early stages of their education, while the university students can study about theory and practice necessary for founding a new business.” (Strategija za cjeloživotno preduzetničko učenje 2008-2013, 2008,p. 6).

The institutions of higher education have a task to create and improve the academic community of the society. It often happens that the curricula are either outdated or without enough attention paid to the student preparation for the labour market, and generally speaking, for the market dominated by the competitive struggle directed to profit gain with the constant adjustment to changes.

“The possibilities of self-employment should be researched, as well as the details about small enterprise foundation. The students should be able to learn how to make a business plan and research the basic principles of marketing, company finances, company ethics and relations with the clients.” (Strategija za cjeloživotno preduzetničko učenje 2008-2013, 2008,p. 7).

Good theoretical knowledge is not negative, it is an excellent foundation for managing the modern world of business, if connected to it and really applicable. The introduction of various forms of active teaching will increase the success of the educational process itself, and some of these “active teaching methods are:

- dialogue,
- research,
- learning through problem solving,
- simulation,
- games,
- content analysis,
- case study.” (Brkanlić et al.,2012,p. 170).

Two main participants in teaching are, the teacher on one hand, and the student on the other, with the process of skill and knowledge transfer in between. “The key word in this process is interaction.” (Cigan, Šlogar, 2012, 178). Two way communication that should be the foundation of this process enables the exchange of opinions and attitudes, personal approach consideration observing the same thing or problem, and leading towards the fact “that the role of the teacher starts to have more leading than managing characteristics.” (Cigan, Šlogar, 2012,p.178). Students should be directed to something, intrigued into research and how to get to the answer on their own, and that is where the teacher`s role is very important. The student is in the centre of the teaching process, not the teacher.

The realisation of the teaching process with the complete involvement of the students is possible in the situation where they also have a chance to influence the lecture they want to have, the approach of the lecturer best suited to them; one of the ways is also group work, in smaller or larger groups, where they show the communication abilities, relations and behavior with other people, where they learn that a community might be more important than an individual. “Team work proved

to be an exceptionally good form of cooperative work (students learn from each other) and an excellent stimulator of student creativity.” (Cigan, Šlogar, 2012, 179)

Learning how to present arguments in the right way, to think logically in interaction with others and defend a specific attitude is important in later relationship with colleagues, business partners and competition. The use of debate and presentation skill improvement lead to “the development of student independence in oral production, organisation of attitudes and ideas, critical thinking development and the formation of arguments that do not depend upon personal attitudes.” (Cigan, Šlogar, 2012,p.179). It is not all in information and knowledge possession – a person should know how to present what he has to the others.

A model of an entrepreneurial university can be seen in the following figure.

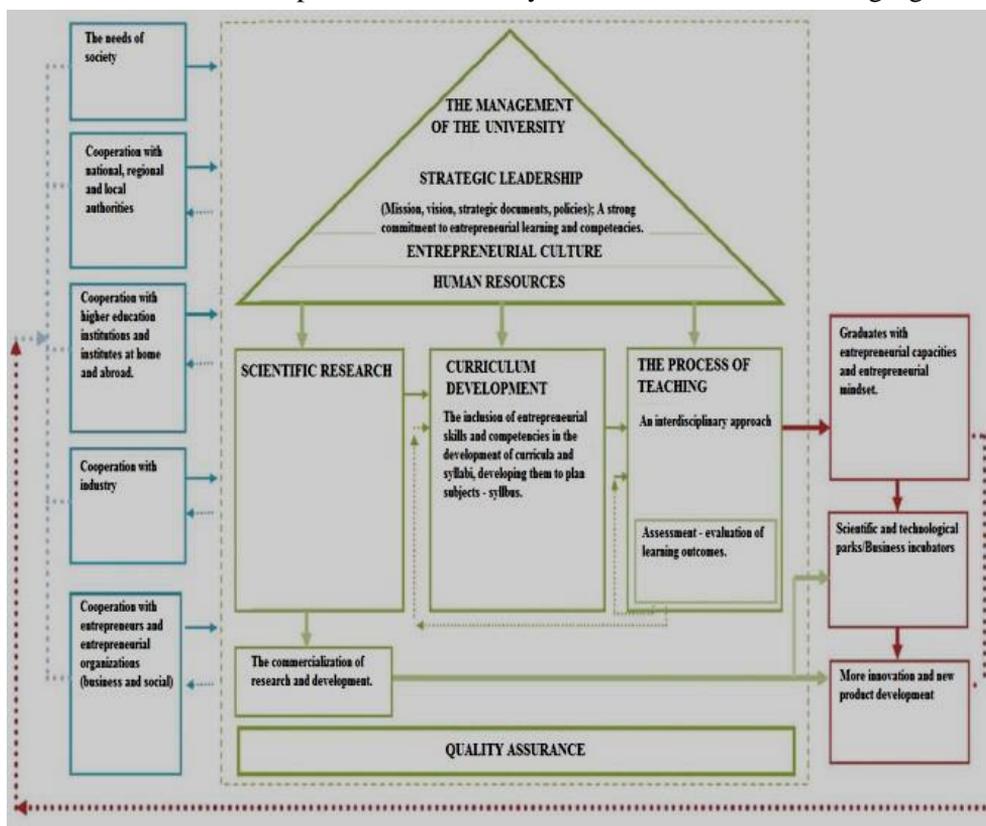


Figure 3: The process model of an entrepreneurial university
Source: Carić, Smieško, (2011,p. 84)

The application of stimulations is well-known various areas of education, but their use in entrepreneurship is not so developed in practice. Business stimulations “try to picture the reality of the business life experimenting with models through which to achieve the desired results for the companies in the most efficient way. Therefore, they are often used in manager, entrepreneur and business school and university students education, especially in the areas of management, finances and

industry.“ (Perić, Đurkin, 2012,p. 161). The mistakes made in simulations are of no importance from the aspect of negative effects for real business, but their importance lies in the fact that “they are simulation games, and if played in teams, they are an extraordinary way of recognising manager potential among the employees, and students, too” (Perić, Đurkin, 2012,p. 165), as well as through the experience of the users which will be useful in real life – it is much better to make a mistake in the virtual than in the real world.

Learning is a continuous process which goes on during the school itself, but also before and after it. A man learns throughout his whole life, but if he acquires the necessary knowledge early, while he is still young, there is more time to enjoy the results of its application. In the course of attending the institutions in the educational system of a country as well as after that period, it is necessary to attend seminars, conferences, courses, etc – all things that could lead to the personal improvement and advance, and which are within the system of so-called “non-formal” education that includes:

- “trainings,
- improvement,
- specializations,
- retrainings,
- further education,
- courses,
- seminars.” (Tafra, 2012,p. 23).

Learning based on stories and advice of successful people can contribute a lot to the personality development of a young person in the area of business, but it is also important to listen to those less successful or unsuccessful ones who have tried many times without any significant results. They might be much better examples pointing out where and why they often make mistakes, and their stories are more realistic and closer to an average person because at the beginning of an independent venture people are much closer to failure than wealth based on the realization of the business idea. Other people’s experiences should therefore be listened to, analysed and understood because they represent the most harmless and the most efficient forms of gaining awareness about various problems, dangers and risks that the young can expect in the market before facing them personally. Unfortunately, many people take these warnings and advice of the other more or less successful individuals in the market lightly, and the reason for that is self-evaluation – overestimation of one’s own qualities and highlighting differences in relation to other people, which is, in their opinion, reason enough for nothing bad to happen to them. No man is the same as the other – that is the truth, but in business all people are equal – every participant is the same in the market. The experience is often gained through personal mistakes and failure. Personal experience is the best at the same time – learning from personal failures is not pleasant at all, but the only way “not to make a mistake is not to try.” (Phil Knight) Each failure presents an excellent foundation for some new, possibly a profitable business venture.

There are dangers everywhere, and the mistakes we made are bigger or smaller ones, serious or not. The important thing is that they are significant, no matter what they are. The experience gained through them is priceless. Personal, as well as the experiences of the others, good or bad ones, is an indisputable source of information and knowledge that should only be understood and applied.

Life and world where things happen all the time are a treasury of the most various opportunities that should be taken advantage of, that could be problems turned into a source of good earnings if only identified, understood and solved in the right way. Everything is in a man's abilities – that is why entrepreneurial education of the young is important.

The young are representatives of an important part of the society, especially in the area of entrepreneurship development. Energy, readiness to accept risks, constant research, new ideas, enjoying life and wish to improve it even more – these are only some of the characteristics of the young, only some of the reasons why they should have the time and attention, why they should be directed to the correct usage of their own abilities for creation of the new business or development of the existing ones. Young people have a large potential for starting entrepreneurial ventures, the only question is whether the state wants to use it or not. “It is necessary to create conditions for education-based entrepreneurship development. Education is the crucial element of entrepreneurship.” (Garabinović, 2015, p.57). It is often said that the young are the foundation of the future, and that is true, but it is also true that they can also influence the present considerably if they engage on the basis of entrepreneurial principles, if they take their own future in their hands, if they are ready to change the system without waiting for someone else to do it instead. Both present and future belong to the young, enterprising people, because the world should be changed by those living in it, preparing it for all the generations to come.

CONCLUSION

By the introduction of entrepreneurial skills into the educational system, learning about the practical aspects of life is also introduced, and that will enable the young to have a good foundation for future independent business life. Individuals aware of the favourable business opportunities who are ready to use them are on the right road to achieve business success. They represent investments on the part of the state that give excellent results – they symbolise the hope in the future growth and development of the national and world economy. In order to realise the above mentioned, there must be a high investment in the new system of knowledge acquisition as well as the change and improvement of the existing one – “education is expensive, but ignorance is even more expensive.” (Moser)

Education should enable people to judge themselves correctly, their characteristics, skills and knowledge – the first step towards a successful entrepreneurship is a good knowledge of his own personality, as well as about events and situations in the immediate environment and on a wider, national and world level.

Education should not be considered only through the official state system of education. It is just a part of the complete, much more complex mosaic of knowledge acquisition.

An independent initiative for attending additional educational workshops, seminars, conferences, lectures, etc is a successful indicator of an individual ready to learn for himself, for life, not for a school mark. "Formal education will make you a living. Self-education will make you a fortune." (Rohn)

A man who achieves success right at the beginning of his entrepreneurial venture, reaches the set objectives and makes profit, is not richer in his experiences than the one who suffers a business failure. A person who always gets what he wants has a bad characteristic – he is used to success and does not know the sense of business failure. "Success is a lousy teacher. It seduces smart people into thinking they can't lose." (Gates)

Permanent education is of great importance not only for an individual applying it, but also for his environment, and the young have to understand it. Learning does not end when the school is finished, it continues through various forms of non-formal and informal education, through so-called "school of life". A person who is prepared to constantly invest in oneself to gain new competencies is also ready to face the difficulties that the knowledge obsolescence and creation of new knowledge carries along. "Learning is like rowing upstream; if you stop, you get pushed backwards" (Tzu) When an individual in the process of education stops learning for some reason, he will not stay in the same place for a longer period of time but unconsciously regress. This is applicable not only to individuals, but the society and state which must tend towards constant development of educational system according to the latest trends and changes in the regional and international scene. Investment into the education of the young looks like a large expense at the moment, but it will provide the progress of the economy and the entire society in near or further future. The young will be similar to the educational system they are going through, and the quality of their education and the readiness for the world of business will influence the kind of people to make the society in the future.

The young, as future entrepreneurs, are the bearers of the new knowledge and possibilities for the improvement of the world they live in, and education is "the most powerful weapon which you can use to change the world." (Mandela)

Entrepreneurs are a minority in the society, but they are the incentive of development of its whole. They are rare, they should be found, keep them and constantly encourage into activities directed towards success. True entrepreneurs are a treasure of a country, and the treasure should be protected and nourished. The young are a good source of future successful entrepreneurs. They have energy, enthusiasm and ideas, and these are some of the basic characteristics of entrepreneurs. The young should be introduced to the business world in the right way, to the meaning of the term entrepreneurship and point them into the right direction – the direction which leads to the creative and innovative way of thinking led by the idea of the formation of the healthy economy based on entrepreneurship.

The young have the advantage of skill and knowledge possession that the generations of people created for centuries, but it is important for them to have the

ability to improve the acquired knowledge, improving themselves as well as the entire society they belong to. A man is made at birth, and an entrepreneur is made through a successful realisation of a business venture after numerous difficulties, failures and the constant struggle for survival. An entrepreneur is a person who can fall, rise after the fall, face a number of obstacles and dangers, various chances and situations, a person who always struggles aspiring for success – aspiring to be a winner in a tough competitive market game.

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IMPACT OF LEADERSHIP STYLE ON THE ORGANIZATIONAL COMMITMENT OF FACULTY MEMBERS IN THE INDIAN HIGHER EDUCATION CONTEXT

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ABSTRACT

Academic institutions are significantly influenced by the commitment of their faculty members. Various studies have confirmed that high organizational commitment is associated with better productivity, greater job satisfaction and many other positive outcomes for the institution. Leadership style is found to be one of the key antecedent of organizational commitment. This study explores the impact of perceived leadership style of the heads of departments on the organizational commitment of the faculty members in the Indian higher education context. The research is done in the city of Bangalore from the state of Karnataka, India. The sample is drawn from the faculty members teaching in different Universities and affiliated institutions in Bangalore. The leadership style is measured using the Multi-Factor Leadership Questionnaire developed by Bass and Avolio and the organizational commitment measured using the Three Component Model of organizational commitment created by Allen and Meyer. The study has found that there is positive, varies from weak and moderate levels, and significant relationship between various components of leadership style with organizational commitment. The transformational leadership style is found to be influencing both affective and normative commitment of faculty members. The study reveals that effective leadership style exhibited by heads of the departments can have positive impact on the commitment levels of the faculty members which in turn will contribute towards positive outcomes in the institutions within the higher education context of India.

Key words: Leadership Style, Organizational Commitment, Transformational, Transactional, Laissez-faire, Affective commitment, Normative commitment, Continuous commitment.

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INTRODUCTION

Academic institutions in the higher education arena around the globe are undergoing huge changes these days. Academicians and governments are trying hard to break away from the past and create a more accessible, accountable and relevant higher education system to face the daunting challenges of the twenty first century. In many developed countries, traditional universities are facing the heat of change where entrepreneurial and innovative alternatives for higher education are taking shape. Indian higher education system has always lagged behind in coping with changes, many a times bogged down by the colonial legacy. Presently, there is a lot of dissatisfaction and desperation about the quality of higher education in India. There are constant complaints from the industry about lack of job readiness and absence of relevant KSAs among the majority of fresh graduates churned out from Indian universities. Academic experts point to the lack of quality teachers as a key reason that has been hampering the overall quality of higher education in the country (Thorat, 2011). Presence of committed educators is a prerequisite to undertake the journey towards quality improvement in Indian higher education.

Committed employees contribute to organizations because they perform and behave on achieving organizations' goals. Furthermore, workers who are committed to their organization are happy to be members of it, believe in and feel good about the organization and what it stands for, and intend to do what is good for the organization (George, Jones, 1996). Organizational commitment is positively related to such desirable outcomes as job satisfaction (Mowday et al., 1982), motivation (Mowday et al., 1979), and negatively related to such outcomes as absenteeism and turnover (Cotton, Tuttle, 1986). As stronger commitment leads to less absenteeism and increased motivation, it could increase an organization's productivity (Schuler, Jackson, 1996).

Studies on the antecedents of organizational commitment has found that one of the key variables influencing commitment within the organization is leadership style (Chully, Sandhya, 2014). Several studies have found a positive relationship between these two variables (Kent, Chelladurai, 2001; Leach, 2005; Pearce, Herbik, 2004). According to Stum (1999), employees' commitment reflects the quality of leadership within the organization. In the context of overwhelming changes in the field of higher education and increasing expectations from the stakeholders, the leadership in higher education institutions becomes very significant. Their effectiveness is determined in their ability to enable their staff members to respond proactively to the changes and increasing the overall quality of education.

There are a few studies in the context of India regarding the relationship between leadership style and organizational commitment (Raja, Palanichamy, 2012; Sandhu, Kaur, 2010) in a corporate environment. But there is a dearth of documented researches in the field of Indian Higher education with regard to the relationship between leadership style and organizational commitment. This study intends to explore how various leadership styles influence the different dimensions of organizational commitment. More specifically, the role of transformational,

transactional, and laissez-faire leadership styles of heads of departments in enhancing the affective, continuance, and normative organizational commitment of the individual faculty members. This knowledge can be of great significance to develop appropriate leadership behaviors which can impact performance and productivity of educators who in turn can make a difference in the higher education scenario in India.

LITERATURE REVIEW

There are studies which found leadership style as an antecedent of organizational commitment (Sabir et al.,2011) and that there is a strong positive relationship between leadership style and organizational commitment (Ekaterini, 2010). In a study conducted among 17 Croatian organizations representing a variety of different industries and organizational levels, it is found that active leadership styles are positively linked and have both direct and indirect effects on organizational commitment (Susanj, Jakopec, 2012). This is consistent with previous researches which assert the positive correlation between transformational and transactional leadership styles with organizational commitment (Ali et al., 2011). Research also confirms job satisfaction to be a mediator between leadership style and organizational commitment (Yang, 2012).

Research on the relationship between transformational leadership and commitment concluded that transformational leadership enhances the commitment of the employees and their loyalty to the organization (Tuna et al.,2011). In this study, it was found that affective and normative commitment were highly correlated with transformational leadership. The impact of individualized consideration on normative commitment was very much significant as observed in this study. Similar findings about transformational leadership and organizational commitment are found in other studies as well (Arnold et al.,2001; Bycio et al.,1995).

Transformational leadership behaviors is found to have significant and positive impact on affective and continuous commitment among faculty members in South Africa (Wiza, Hlanganipai, 2014). The same study observes a positive link between transactional leadership style and normative commitment.

There are also studies which does not indicate any significant relationship between transformational leadership and different dimensions of organisational commitment. Research done among the Nigerian bank employees showed insignificant impact of transformational leadership on organizational commitment (Fasola et al.,2013). This study observed significant relationship between transformational leadership and organizational commitment. Leadership based on contingent reward and punishment makes significant impact in employees' attitude which is argued against by some of the previous researchers. Contrary to the argument of some researchers (Bass, 2008; Howell, Avolio, 1993), it is found that contingent reward does impact certain aspects of employee commitment to the organization.

In the Indian context, affective commitment and normative commitment were found to be influenced by the contingent reward factor of transactional leadership style (Dhawan, Mulla, 2011). At the same time, another Indian study among the

managers in an Indian public sector organization revealed that most of the participants perceived themselves to be transformational leaders than transactional. Organizational commitment was an outcome of transformational leadership as found in this study (Raja, Palanichamy, 2012).

In the academic context, research indicates a positive relationship between higher levels of all three components of commitment to the institution both with the effectiveness and performance of faculty. Since students tend to associate their overall satisfaction with faculty experiences within the university, the presence of committed faculty members is extremely significant for the sustainability of a university (Vance, Aaron, 2009).

In the context of greater stakeholder demands, at the same time decrease in resources, academic leaders, particularly at the department level, should constantly work towards enhancing the effectiveness of their faculty members (Sadeghi, Zaidatol-Akmaliah, 2012). Shapira-Lishchinsky and Even-Zohar (2011) notes that levels of organizational commitment is dependent on the leadership style and the relationship that develops between the leader and the follower. Researchers have often tested the impact of leadership style on various employee outcomes (Toor, Ofori, 2009). It is found that there is a positive association between faculty levels of overall organizational commitment and transformational leadership styles (Bodla, Nawaz, 2010). However, researches pertaining to the relationships to faculty and the individual affective, normative and continuance components of organizational commitment are lacking. Emery and Barker (2007) found the intellectual stimulation and individualized consideration components of transformational leadership were more positively associated with increased levels of organizational commitment and higher levels of job satisfaction than were the contingency reward and management by exception components of a more transactional leadership style. But in the higher education context, in general, the heads of departments adopt a more transactional leadership style, which focus on goal achievement and correction for non-compliance with university standards (Huang, Hsieh, 2010). Heads of departments are often promoted to that position on the basis of experience within the institution with little or no leadership training, and hence adopt a more common-sensical transactional leadership style (Bolman, Gallos, 2012). Faculty members in general, are often self-motivated and would be comfortable in working where there is a fit between personal and organizational values (Lindholm, 2003). A transformational leadership style reinforces this value alignment (Lee, Zaman, 2009); yet the head of department often focuses more on transactional administrative tasks and less on the transformational leadership behaviors (Boyko, 2010).

There is a broad consensus in corporate as well as academic context with regard to the positive relationship between leadership style and organizational commitment though there are varying results about the relationship between the different components of the two variables. The present study explores the relationship between these variables in the Indian higher education context and the following hypotheses are developed.

Hypothesis 1: There is a statistically significant relationship between a faculty member's perception of the head of the department's leadership style

(transformational, transactional, and laissez-faire) and faculty self-reported level of the affective component of organizational commitment.

Hypothesis 2: There is a statistically significant relationship between a faculty member's perception of the head of the department's leadership style (transformational, transactional, and laissez-faire) and faculty self-reported level of the normative component of organizational commitment.

Hypothesis 3: There is a statistically significant relationship between a faculty member's perception of the head of the department's leadership style (transformational, transactional, and laissez-faire) and faculty self-reported level of the continuance component of organizational commitment.

RESEARCH METHODOLOGY

The study employs the quantitative correlational approach to understand the relationship between leadership style of the department heads on the organizational commitment of the faculty members. A non-experimental design is appropriate for this study to determine the relationship between the predictor variables and outcome variables. Multifactor Leadership Questionnaire (MLQ) developed by Bass and Avolio (2004) is used to examine the leadership style of the heads of the departments as perceived by the faculty members. Self-reported Three Component Model (TCM) employee commitment survey developed by Meyer and Allen (2004) measures the affective, normative and continuance commitment of the faculty members. As the sample size is large, survey method is considered to be the right method for the data collection.

The analysis used SPSS software in measuring the quantitative data. Correlation and multiple regression modelling were the key statistical analysis used to examine the relationship between the variables. The predictor variables in the study are transformational, transactional and laissez faire leadership styles of the department heads. Outcome variables are affective, normative and continuance commitment levels of the faculty members.

VARIABLES USED IN THE STUDY

The two major variables of the study are leadership style and organizational commitment. Leadership style is the independent variable which is measured through the tool MLQ-5S and has the following dimensions, transformational, transactional and lasses faire. The components of transformational leadership are idealized influence (attributes and behaviours), inspirational motivation, intellectual stimulation, and individual consideration. The components of transactional leadership are contingent reward, management by exception – active, and management by exception – passive. The dependent variable is Organizational commitment which has three levels which are affective, normative and continuance. The demographic variables measured in the study are age, tenure and educational qualification.

SAMPLING PROCEDURE

The population of the study is the faculty members from various departments from the universities and affiliated colleges in the city of Bangalore. The researcher has divided the population into 4 subgroups or strata and collected representative data from each of these group. The subgroups are university departments – Central university and private Deemed Universities, autonomous college departments, non-autonomous college departments. As the sample represents data from each of these strata, the sampling procedure can be considered as stratified sampling. The inclusivity criteria for sample consideration for the study were to have a minimum of 15 faculty members in the department and considering a maximum of 2 departments from an institution. 750 questionnaires were printed and distributed among the faculty members of chosen departments in various Universities and affiliated colleges in Bangalore. A sample size of 308 faculty members has participated in the study. The response rate with regard to returning the filled-in survey questionnaire was 41.07%.

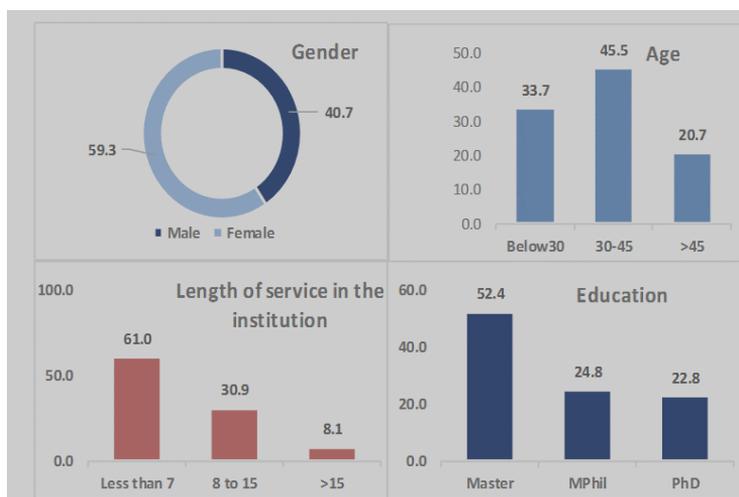


Figure 1: Summary of the percentage composition of demographic data of the sample

RESULTS

Table 1 is a detailed correlational analysis of various subcomponents of Leadership style from MLQ with three dimensions of organizational commitment. These analyses correspond to the correlation values of various subcomponents of transformational, transactional, and laissez-faire leadership style with the affective, normative and continuance organizational commitment of faculty members.

Table 1: Correlation Analysis of Components of Leadership Style and Organizational Commitment

		Affective Commitment	Continuance Commitment	Normative Commitment
Transformational Idealized Influence (Attributed)	Pearson Correlation	.256	.066	.288
	Sig. (2-tailed)	.000	.252	.000
	N	306	306	304
Transformational Idealized Influence (Behavioral)	Pearson Correlation	.173	.047	.188
	Sig. (2-tailed)	.002	.416	.001
	N	306	306	304
Transformational Inspirational Motivation	Pearson Correlation	.297	.061	.315
	Sig. (2-tailed)	.000	.291	.000
	N	306	306	304
Transformational Intellectual Stimulation	Pearson Correlation	.227	.031	.180
	Sig. (2-tailed)	.000	.584	.002
	N	306	306	304
Transformational Individual Consideration	Pearson Correlation	.308	.044	.317
	Sig. (2-tailed)	.000	.443	.000
	N	306	306	304
Transactional Contingent Reward	Pearson Correlation	.261	.114	.363
	Sig. (2-tailed)	.000	.047	.000
	N	306	306	304
Transactional Mgmt By Exception (Active)	Pearson Correlation	.074	.076	.115
	Sig. (2-tailed)	.196	.187	.045
	N	306	306	304
Transactional Mgmt By Exception (Passive)	Pearson Correlation	-.060	.053	-.004
	Sig. (2-tailed)	.293	.354	.939
	N	306	306	304
Laissez-Faire Leadership	Pearson Correlation	-.045	.052	-.022
	Sig. (2-tailed)	.432	.368	.698
	N	306	306	304
	Sig. (2-tailed)	.000	.086	.000
	N	306	306	304

The first component of transformational leadership is idealized influence (attributed) is positively related to affective, continuance and normative commitments with the values 0.256, 0.066 and 0.288 respectively. Correlation of both affective and normative commitments are statistically significant at 5% level. The second component of transformational leadership is idealized influence (behavioural) is also positively related to affective, continuance and normative commitments with the values 0.173, 0.047 and 0.188 respectively. Correlation of both affective and normative commitments are statistically significant at 5% level.

Inspirational motivation is the third component of transformational leadership. The correlation values of inspirational motivation with three dimensions of organizational commitment are 0.297, 0.061 and 0.315 respectively. The fourth component Intellectual stimulation is also positively correlated to affective, continuance and normative commitment with the values 0.227, 0.031 and 0.180 respectively. The correlation scores for the last component of transformational leadership individual consideration are 0.308, 0.044 and 0.317 in relation to three dimensions of commitment. For both intellectual stimulation and individual consideration, similar to other components, only affective and normative correlation is statistically significant with p value less than 0.05.

Transactional leadership has three components namely contingent reward, management by exception active and management by exception passive. In the case of contingent reward, it is positively correlated with affective, continuance and normative commitment with the scores 0.261, 0.114 and 0.363 respectively. Commitment dimensions except Continuous commitment are statistically significant at 5% level. Management by exception active is positively correlated to all dimensions of organizational commitment with the values 0.074, 0.076 and 0.115 and only normative commitment is statistically significant at 5% level. In the case of management by exception passive, it is correlated positively only to continuance commitment with the value 0.053 while it is negatively related to both affective and normative commitments with the scores -0.060 and -0.004 respectively. None of the correlation between the variables are statistically significant at 5% level.

Laisses faire leadership is negatively correlated to both affective and normative commitment with correlation values -0.045 and -0.022. Continuance commitment is positively correlated to laisses faire leadership with the value 0.052. None of the correlation between the variables is statistically significant.

ANALYSIS OF LEADERSHIP STYLE AND AFFECTIVE COMMITMENT

One of the key research question of the study was to understand the relationship between department head's perceived leadership style (transformational, transactional, laisses faire) and the affective component of the organizational commitment of the faculty members.

Table 2: Model Summary of Regression Analysis of Leadership style and Affective Commitment

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	F	Sig.
	.313 ^a	0.10	0.09	1.03	10.86	.000 ^b

Table 2 indicated that a significant relationship did exist between affective commitment and a model containing three predictor variables (transformational, transactional and laissez-faire), $R = 0.313$, $R^2 = 0.10$, $F(3, 308) = 10.86$, $p < .001$ (two tailed). Thus, the null hypothesis is rejected in favour of the alternative hypothesis (H1a). Additionally, the coefficient of determination (R^2) statistic indicated that only 10% of the variance observed in the dependent variable was due to a model containing the three independent variables.

Table 3: Regression Analysis of Leadership Style and Affective Commitment

Coefficients ^a					
Model	Unstd. Coefficients		Std. Coefficients	T	Sig.
	Beta	Std. Error	Beta		
(Constant)	4.238	.319		13.285	.000
Transformational Leadership	.478	.102	.325	4.676	.000
Transactional Leadership	.031	.154	.013	.204	.839
Laissez-Faire Leadership	.079	.074	.069	1.063	.289

a. Dependent Variable: Affective commitment

The contribution of each independent variable when the others were controlled for was evaluated using the standardized beta for each coefficient. Specifically, the leadership style, transformational, made the only significantly unique and positive contribution when explaining the criterion variable ($Beta = 0.478$, $p < .001$). It refers to one unit increase in transformational leadership of department head leads to a 0.478 increase in the affective commitment of the faculty members. Standardized beta explained the relation between each predictor on dependent variable keeping others predictor variables constant. It indicated that 32.5% of the variance observed in the criterion variable (affective commitment) was due to participants' transformational leadership scores. The remaining two leadership styles (transactional and laissez-faire) did not make a significantly unique contribution in explaining the criterion variable ($p = 0.839$ and 0.289 , respectively).

ANALYSIS OF LEADERSHIP STYLE AND CONTINUANCE COMMITMENT

Table 4: Model Summary of Regression Analysis of Leadership Style and Continuous Commitment

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	F	Sig.
	.146	.021	.012	1.18039	2.177	.091

Results shown in table 4 indicated that a significant relationship did not exist between continuance commitment and a model containing three predictor variables (transformational, transactional and laissez-faire), $R = .146$, $R^2 = .021$, $F(3, 308) = 2.177$, $p > .001$ (two tailed). Thus, the null hypothesis was accepted. Additionally, the coefficient of determination (R^2) statistic indicates that a meagre 2.1% of the variance observed in the criterion variable resulted from a model containing three predictor variables.

Table 5: Regression Analysis of Leadership Style and Continuous Commitment

Model	Unstd. Coefficients		Std. Coefficients	T	Sig.
	B	Std. Error	Beta		
(Constant)	3.155	.365		8.640	.000
Transformational Leadership	.027	.117	.017	.231	.818
Transactional Leadership	.342	.177	.133	1.932	.054
Laissez-Faire Leadership	.030	.085	.024	.354	.724

A standardized beta for each coefficient was used to evaluate the contribution of each predictor variable when the others were controlled for. None of the predictor variables made any significantly unique or positive contribution in explaining the criterion variable ($p = .818$, $.054$ and $.724$ respectively).

ANALYSIS OF LEADERSHIP STYLE AND NORMATIVE COMMITMENT

Table 6: Model Summary Regression Analysis of Leadership Style and Normative Commitment

Model Summary						
Model	R	R^2	Adjusted R^2	Std. Error of the Estimate	F	Sig.
	.358 ^a	.128	.120	.93977	14.706	.000
a. Predictors: (Constant), Transformational, Transactional, Laissez-Faire						

Results indicated that a significant relationship did exist between normative commitment and a model containing three predictor variables (transformational, transactional and laissez-faire), $R = 0.358$, $R^2 = 0.128$, $F(3, 308) = 14.706$, $p < .001$ (two tailed). Thus, the null hypothesis is rejected in favor of the alternative hypothesis (H1a). Additionally, the coefficient of determination (R^2) statistic indicated that only 13% of the variance observed in the dependent variable was due to a model containing the three independent variables.

Table 7: Regression Analysis of Leadership Style and Normative Commitment

COEFFICIENTS ^A					
Model	Unstandardized Coefficients		Std. Coefficients	T	Sig.
	Beta	Std. Error	Beta		
(Constant)	3.721	.291		12.799	.000
Transformational Leadership	.348	.093	.255	3.734	.000
Transactional Leadership	.377	.141	.174	2.678	.008
Laissez-Faire Leadership	.039	.068	.037	.573	.567

a. Dependent Variable: Normative Commitment

The contribution of each independent variable when the others were controlled for was evaluated using the standardized beta for each coefficient. Specifically, the leadership styles, transformational and transactional, made some significantly unique and positive contribution when explaining the criterion variable (Beta = 0.348 and 0.377 respectively, $p < .05$). Standardized beta explained the relation between each predictor on dependent variable keeping others predictor variables constant. It indicated that 25.5% and 17.4% of the variance observed in the criterion variable (normative commitment) was due to participants' transformational and transactional leadership score respectively. The laissez-faire leadership style did not make a significantly unique contribution in explaining the criterion variable ($p = 0.567$).

DISCUSSION

LEADERSHIP STYLE AND AFFECTIVE COMMITMENT

The regression analysis has revealed significant positive relationship between the perceived leadership style of the heads of the departments and faculty members' affective commitment. It is transformational leadership which has more significant relationship with affective commitment. Earlier research (Shapira-Luhchisky, Even-Zohar, 2011) has established the impact of leadership style on

affective commitment. Luton (2010) also found the positive relationship of leadership style department chairs on the self-reported organizational commitment of the faculty members. This research reinforces their finding in the Indian higher education context.

In order to understand more deeply the relationship between transformational leadership and affective commitment, the correlational analyses of the subcomponents of transformational leadership is considered. Though all the five subcomponents of transformational leadership – idealized influence attributed and behavioural, inspirational motivation, intellectual stimulation and individual consideration – have positive significance, the correlation is surprisingly weak ranging from 0.173 for idealised influence behavioural to 0.308 for individualised consideration. The probable reason might be the weak transformational behaviors shown by the heads of the department. Among the components, individualised consideration (0.308) and inspirational motivation (0.297) are comparatively strongly correlated to affective commitment. These throws some light into what the Indian faculty members expect more from their superiors in order to feel emotionally connected to the institution.

Though overall transactional leadership is not significantly correlated to affective commitment, one component contingent reward has a significant, but weak (0.261) correlation to it. The importance of contingent reward for eliminating psychological discontentment is indirectly expressed by this finding. Management by exception, both active and passive, has almost zero contribution in establishing an emotional connect to the organization. Laisses faire leadership also has insignificant and negative correlation with affective commitment.

LEADERSHIP STYLE AND CONTINUANCE COMMITMENT

Regression analysis has shown that there is no significant relationship with leadership style and continuance commitment. This is in tune with the finding of Luton (2010) and Solingar (2008) who argued that affective commitment was the focal component and true driver of organizational commitment when examining the relationship between leadership style and level of commitment. There are also studies, but in a different context of online education environment, which found a positive relationship between leadership style and continuance commitment (Delotell, 2014). But the present study in the traditional face to face higher education context in India establishes that there is no significant relationship for leadership style with continuance commitment. among the various subcomponents, transactional leadership component contingent reward is found to have a significant, yet weak positive correlation (0.114) to continuance commitment. It is to be noted that, the correlation between affective commitment and contingent reward as a leadership behaviour is significant. Hence leadership in academic circle should not ignore the contribution of certain transactional behaviors especially contingent reward.

LEADERSHIP STYLE AND NORMATIVE COMMITMENT

Normative commitment is defined as the obligation component of organizational commitment (Meyer, Allen, 1991). The present study establishes a significant relationship between leadership style and normative commitment. Both transformational and transactional leadership predicts the normative commitment and transformational leadership is a stronger predictor compared to transactional leadership. This finding is in contrast to other research studies which indicated that leadership style was not a central driver of increased feelings of obligation toward the organization (Li, Hung, 2009) since transformational leadership tended to rely on the building of emotional bonds. The uniqueness of eastern and in a special way Indian culture where hierarchy is highly respected can be a probable reason for faculty members feeling of obligated to institution coming from the leadership behaviors.

Most of the transformational and transactional sub-components correlates with normative commitment even to the extent of having better correlational scores than their respective affective commitment correlational values. It is observed from the study that faculty members value inspirational motivation and individual consideration as more important in enhancing normative commitment. Among transformational behaviors, intellectual stimulation has the least correlation for normative commitment. Academic leaders tend to use this behaviour more to exhibit their expertise and assert their leadership position. It is to be borne in mind that intellectual stimulation does not always lead to the feeling of greater obligation or normative commitment from the part of members to the institution. Transformational behaviour contingent reward has the highest correlational value with normative commitment. Hence the three key behaviors contributing to enhancing normative commitment in the higher education context revealed from the study are inspirational motivation, individual consideration and contingent reward.

ORGANIZATIONAL IMPLICATIONS

As the study has revealed a positive, though moderate, relationship between different components of leadership style and organizational commitment, it implies that there has to be greater focus on the leadership development in the higher education institutions in India. Those who are chosen to hold leadership positions should be given sufficient leadership training which would help them to nurture a team of committed faculty members in the institution. This recommendation is particularly relevant for those institutions which consider length of service and academic qualifications as the only relevant criteria for promotion to leadership positions in Universities and affiliated colleges.

Transformational leadership is found to be positively related to affective commitment. Academic leaders need to exhibit more transformational behaviors while leading the faculty members in order that they feel more emotionally

connected to the institution. Leadership development should focus on training the heads of departments in transformational leadership behaviors.

A positive factor emerging from the current study is the relatively high scores of organizational commitment reported by the faculty members. Two dimensions of organizational commitment that stands out with higher scores are affective and normative components of commitment. Institutions of higher education should be able to leverage on the emotional connect and feeling of obligation by the faculty members by translating them into greater organizational effectiveness and proactive organizational culture.

Transactional leadership also is found to be correlated with affective commitment in this study. The key component in transactional leadership that enhances the emotional attachment to the institution is contingent reward. As proposed by Herzberg (1974) in his two factor theory, rewards may not be a motivator, but it removes dissatisfaction and hence the importance of contingent reward is significant. This finding along with previous implication emphasizes that leaders have to balance between transformational and transactional leadership in order to be more effective. It also aligns with the situational theory of leadership of Hersey and Blanchard (1977) who advocates change in leadership behaviour according to the specific needs of the situation. The positive impact of leadership behaviors would be accelerated when the institutions create the right kind of reward systems. Higher education institutions have to consider contingent reward as a motivation and positive reinforcement system incentivizing goal achievement with appropriate compensation strategies.

The relationship between leadership style and normative commitment is found to be positive in the context of Indian higher educational context. Many studies do not support the relationship between transformational leadership and normative commitment. The focus of transformational leadership is about building relationships whereas normative dimension of commitment is about obligation, hence it would not be expected that there is a relationship between the two variables. But in this study, both transformational and transactional leadership behaviors influence normative commitment. The study disagrees with Memari, Mahdih, and Marnani (2013) who concludes that leadership is not an antecedent of normative commitment, but important in retaining employees. The finding that normative commitment is greater for permanent employees (Natarajan, Nagar, 2011) is in tune with the present study.

Continuance commitment is often perceived as the negative dimension among the three components of organizational commitment. It refers to the intention to stay with the institution for fear of the costs attached to leaving. From this perspective, leadership has nothing much to offer about continuance commitment. The present study also does not bring out any significant relationship with leadership style and continuance commitment. Solinger et al. (2008) points out that continuance commitment is the driver of employee intent to leave the organization. Taing et al. (2011) found that economic exchange is the key factor influencing continuance commitment. The fact that faculty members reported low level of continuance commitment means that their affiliation to the institution is not centred

around insecurity of finding another job. When leaders build trust based organization, members would want to stay, not afraid of the cost of leaving, rather as an outcome of mutual trust and respect.

Another reason for low congruence between transformational leadership and continuance commitment can be the focus of transformational leader on change or change initiatives. Meyer et al. (2012) came up with a study of about 700 respondents and found that continuance commitment was not highly correlated with change related behaviors. Present study does not establish any significant correlation with transformational leadership and continuance commitment.

Among the different components of transformational behaviors, Faculty members have perceived their heads of departments exhibiting less intellectual stimulation and individual consideration. Enhancing intellectual stimulation demands leaders to put an effort to arouse staff's thoughts and imagination, as well as stimulating their ability to identify and solve problems creatively. Individual consideration requires leaders to attend to each subordinate's needs, acts as a mentor or coach to the follower, and listens to their concerns.

The study reveals only a moderate positive relationship between leadership style and organizational commitment. It is recommended that leadership in Indian Higher education should continue to explore and recognize other antecedents which significantly contribute to the organizational commitment of faculty members. The impact of variables like job security, pay and job design factors can be explored further to identify how these variables contribute towards organizational commitment.

CONCLUSION

The problem investigated in the study was about the organizational commitment of faculty members in the higher educational institutions in the Indian context. As leadership style is an important antecedent of organizational commitment, the research explored how different styles of leadership that perceived to be exhibited by heads of departments influenced the commitment level of faculty members. The research also showed how demographic variables like age, tenure and academic qualification impacts the perception of leadership style and organizational commitment. The study found that there is a positive and significant, though weak to moderate, relationship between perceived leadership style and various dimensions of organizational commitment. Transformational and transactional leadership styles found to be positively correlated and contributing towards both affective and normative commitment. The continuance commitment has negligible influence by the leadership style. It is also found that laissez faire leadership is negatively related to different dimensions of commitment. Many of these findings point to actionable strategies institutions of higher education can initiate in order to enhance leadership practices that would contribute towards greater organizational commitment.

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KNOWLEDGE AND SKILLS FOR RE-INDUSTRIALIZATION AND AGRARIZATION IN SERBIA

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ABSTRACT

In this paper, we tried to show the importance of education, knowledge and social skills on an institutional basis and creative modernization of industry and agriculture and which, with a growing transition contradictions and interest matrices, were at the complex intersection and facing numerous problems in its development.

Science and education are the main drivers of economic development and its values and work (content of work and education) is the pivot that connects many economic activities and represents the whole value of human development - a walk and flow of its development, the source of value. There we find the particular importance of the creative power of knowledge and intellectual potential in the process of re-industrialization and agrarization in Serbia.

Key words: *Education, Knowledge, Skills, Industry, Agriculture*

JEL Classification: *I25,I21, I29*

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INTRODUCTION

The long transition and economic crisis and the uncertain future, about the availability of food resources and other products, major economic and social problems expressed by high levels of indebtedness and structural imbalances encourage fresh thinking and knowledge of scientific importance for the development of industry and agriculture and their contribution to the development of other sectors of the economy, based on conservation and use of natural resources as the needs of future life and development.

Industry and agriculture as development poles of the Republic of Serbia have a priceless national significance (multiplicative effect on overall economic growth and development) and social stability.

The former course of the transition and privatization did not contribute to the strengthening of production and the market position of industry and agriculture, and responsible and active adjustment to processes of global change by building a modern corporate governance, business and organizational culture based on knowledge and skills through the implementation of Education and Science.

So it is not achieved appropriate adjustment of strategies and goals of creative [re] transition of Industry and Agriculture by application of acquired and new competent knowledge and above all the manifestation of interest in vocational education and training.

Increased transitional contradictions and interest matrix are the result of the system and structural crisis of agriculture and industry that were on a complex intersection and facing numerous problems in its development. Fundamental attitude towards the content and form of transition has been absent, in which industrialization and agrarization with the development of entrepreneurship are supposed to be the key to economic growth and development of Serbia.

With low levels of thinking, skills can not reach the necessary economic development. For the development of agriculture and industry, essential is the creative power of knowledge and intellectual potential - education as a process of acquiring knowledge, developing skills and building ownership, adoption of value system, business and organizational culture.

The crisis in industry and agriculture in Serbia is systemic and structural and requires changing of institutional base, creative modernization in the way of production, technology, changes in work organization and management and strong development of the productive forces and their applicative ability.

To step out of the crisis, what is required is a fundamental application of new development potential. The knowledge production and innovation are the most important sources of change and are the basis for the construction of a modern economic system based on business knowledge and social skills. Numerous studies show the great importance that has the knowledge for long-term economic growth and development.

The transition processes in Serbia were unsuccessful - Serbia lost very much in transition. The transition has made a lot of individuals, which is based on egoism, subjectivity, impressions about themselves. Before that, they were bound by cultural matrix, traditions, social relations, morals, and above all, knowledge and social skills. The roots of bad transition reforms and the lag in economic and political development are ignorant, uneducated in the suppression of ownership and independence, disorientation and excessive expectations.

Education for work or profession is the dominant needs of industry and agriculture. Consequently, by researching we want to gain full insight into the educational needs of vocational education and training, as well as how the content of labor in industry and agriculture defines educational needs.

The research results provide the basis for the execution of substantiated conclusions, but at the same time open up some new questions that deserve comprehensive scientific elaboration.

POSITION OF INDUSTRY AND AGRICULTURE (INDUSTRY AND AGRICULTURE TODAY AND WHAT NEXT?)

A deep economic and social crisis of industry and agriculture, as well as the growing social contradictions, dissatisfaction of employees most eloquently speak of the necessity for change in industry and agriculture. The search for the solution of controversies in industry and agriculture open space for creative expression and strengthening development power through a variety of education, learning and skills, affirming practices and different paths of education and the modern formula of Industry and Agriculture development. Education and training play an important role in human development by enabling people to improve their own good, and actively participate in building the nation (Radovic Markovic et al., 2012, p. 24).

By knowledge, economic laws will be released to strengthen production and market rationality and optimal activation of developmental factors of industry and agriculture. Raising awareness, training and qualifications of employees are a key factor in market competition (Radovic Markovic et al, 2012, p.27).

It will, on the one hand, enable the selection and dominance of the best, most competitive, most competent; on the other hand, it will lead to greater productivity and efficiency of human labor, improvement of the productive forces by opening the system to the development of society forces.

There are too many stories about the economic crisis in Serbia, and a few reformers. There are many of those who live by the crisis, and even more of those which the crisis has mercilessly thrown to the bottom of the social bar.

The current, already a chronic crisis of the Serbian society has a profound structural character and social disintegration.

Where are the key causes of the crisis?

They primarily lie in the dominance of politics over the economy and the suspension of the law of value. The destruction and replacement of objective of socio - economic development are carried out. Politics, by virtue of its interest, carried out the destruction of economic and social development and regionalization of economic, social and cultural space of Serbia.

Industry and agriculture are at a complex crossroads and facing numerous challenges with the present array of social problems, different orientation in understanding, change and expansion. To step out of the crisis, a fundamental change is required in the new development philosophy and the active creative potential and without education, space for their creativity and development can not be open.

In this regard, it should be noted that radical changes and the development of industry and of agriculture is not possible without education and modern scientific knowledge, without activating the creative potential. Analysis of transitional processes in agriculture and industry needs to expose the true essence - stakeholder matrix of industrial and agricultural operators and their applicative ability.

Whose interest are promoted in social practice, motives and so on? The key to the revitalization of Industry and Agriculture are systemic, structural changes, and it requires changing the system of institutional foundations of society, creative modernization, etc.

All these processes negatively and destructively acted on the economy, tore connections between business organizations, disrupted relationships and, in extreme instances, weakened the integrity of Serbia.

The modern world is affected by changes which significantly happened and are changing its structure and dynamics, its being and consciousness, and decisive influence on these changes is achieved through science and education. Major changes in production methods, technology, property relations, organization of work and management were carried out.

Under the influence of the transition processes, global social change are open from the industrial to the information society, from the national economy to the world economy, from centralized to decentralized, participatory economic systems.

Scientific - technological revolution has encouraged a strong development of economic power.

The knowledge, production and innovation are the three complementary phenomena that are intertwined, and are the most significant sources of change and are the basis for the construction of a modern economic system based on knowledge.

This points out to the need for changing the current development model of Serbian economy, primarily industry and agriculture, through the definition of a new systematic, well conceived developmental policies and specific programs of education, learning and business skills.

Numerous studies show the great importance that knowledge has for long-term economic growth and development - to build the country's capacity to create, spread and use knowledge.

The indicators that form the basis of the knowledge economy are related to:

- Economic and institutional system that provides incentives for efficient use of existing and creation of new knowledge;
- Motivated employees ready for acquisition, dissemination and use of knowledge;
- The system of innovation of knowledge in the organization, contributing to the development of knowledge, technologies and new products and services;
- Innovation and communication technologies that enable the efficiency of acquiring knowledge and business skills.

Serbia in the development of knowledge-based economy lags significantly behind developed countries. Of the countries in the region, Serbia is better ranked only from Macedonia, Bosnia and Albania, and is worse than Hungary, Slovenia, Croatia, and Bulgaria.

Modern trends of development of the market economy have shown that science and education are among the priorities of National and global strategies and policies of socio-economic and technological development and progress.

This includes creative and synergistic use of resources, and above all competent knowledge that can be applied in various fields: transferable skills and knowledge, the new vision of multidisciplinary and transdisciplinary competencies through the expression of interest in vocational education and training. The humans and social capital together make up the intellectual capital that by knowledge, skills and overall behavior creates and practical uses all other resources. (Pejanović, 2013, p. 503). The three places of encounter, education and content of work in industry and agriculture are differentiated: the quality of the effects of education; the quality of "internal" components of education aimed at developing a certain level of work; work conceived as a goal and as an area to which we strive by education. Knowledge gained by education changes status, it merges with its object and so "reflexively reconstruct" it. "Reflexive Modernization" carries with the knowledge that nothing can quite confidently be known. "Knowledge workers" (Adizes) today are now the most important and most vulnerable factor in the economy. Education has the task to enable the individual economy, to be its social and cultural agent. Individualisation manifests itself in at least three levels: ideas, identities and institutions.

On the innovation wave, which is based on a new quality of education, economy entities are focused on the future by encouraging the competitiveness, flexibility, mobility and diversity, which includes values compatible with the new global and local conditions and circumstances. The road to developed society requires "quality education for all".

Education for the 21st century is not only one of the many instruments of development but is also one of its core objectives and one of its components (Delor, 1996, p. 69).

Directions of education are equally numerous on the community level and at the level of individuals, through the association of education with the fundamental social objectives and the dominant social values, through organized training for the achievement of the basic objectives at the community level, organizations, groups

and individuals. Specifically, what is opposite of education are not only different subsystems of society, but also different perceptions of man, scientific understanding, and reached achievements of the science about education expressed through the dominant capture of the ideas of scientific generalization of practice and planned requirements intertwined and conditioned by values of a complex system of social relations development. Without a good (agro) industrial education, we can not run a successful agro-industrial business.

THEORETICAL RESEARCH

The goals of transformation of Industry and Agriculture should be viewed through increased production, market competitiveness, significant exports, higher productivity and higher profits, because Serbia has a resource-development conditions for economy of industrial and agricultural production.

These objectives can be achieved through the organization of modern production for which is necessary knowledge and information, good technical equipment and professional organization and cohesion in the context of agro industrial system. The knowledge economy is the main tool in the direction of a new model of economic and social growth and development (Pejanović, 2013, p. 622).

And if in the economic literature there is persuasive argument about the role of education in industry and agriculture, there is no doubt that education significantly raises the level of knowledge, intellectual aptitudes, helping people to find their personal identity and the lifestyle choices.

It must be admitted, however, that although research of the social sciences provides a series of credible hypothesis regarding the "intervening variables" which explains the relationship between education, industrial-agrarian and economic development, direct implications of such research are not obvious. Also in the practical application of research, results are used selectively. Most of the impact assessments of education on productivity indicate that the education of the individual could signal the existence of productive properties. In addition to testing the impact of education on productivity, we analyzed the impact of education on allocative efficiency, that is, to what extent the industrial and agricultural organizations optimally choose their mix of inputs-outputs in a world of their production functions and the prevailing price. The question of allocative efficiency by comparing the actual with the optimal allocation in the light of the estimated production function, and assessment of profit and factor demand function for testing allocative efficiency is to be considered. The primary method of analysis used in the study is a multiple regressive on both variables, the dependent and independent one, in logarithmic form, known in economic literature as a Cobb-Douglas type. There are three sources of variation among the studies regarding the use of educational variables: a) whereby education is measured; b) what is the measure of education and c) how measurement is expressed. The educational level of the production unit is measured at the aggregate level of education of employees. For the amount of education, the number of years of schooling is taken who had attended or completed education and the number of class or educational

level which was attended or completed. Educational level is expressed as an indicator or as a continuous variable. Continuous variables sometimes are entering the production function in logarithmic form, and sometimes in natural form.

Research shows that the average profit in production for four years of education is around 8.7% with a standard deviation of up to 9.0%.

As it can be noted, aspects of the environment may be important determinants of the impact of the effects of education on production. Specifically, education is generally more effective in terms of modernization of agriculture and industry.

In all the studies we analyzed, the average increase in production for 4 years of education in traditional terms is 1.3% compared to 9.5% increase in modernized, contemporary conditions of business of industrial and agricultural organizations. Another way of assessing the efficiency of the modernized environment on the productivity of education is to do a regression analysis of our estimate of the percentage increase in industrial and agricultural production after completing four years of education as a function of characteristics such as the literacy rate in the country, modernizing environment, regional availability to consulting services.

Practice shows that the modernization variable of the environment is very important. On average, the percentage gained as a result of 4 years of education was 10% higher in the modern environment than in a traditional environment. The question is whether highly specific forms of professional and technical training are an effective form of investment unless they are closely focused on the business experience and the actual conditions for the development of industry and agriculture. The role of education lies, essentially, in providing specific skills, although it is obvious that most of the formal education systems can not function in this way. Formal education, is mostly related to literacy, numeracy and general education in which they are generated basic "ability to learn", and informally vital in the innovative processes of industry and agriculture development.

Probably, as far as we include excerpts from literature, which speak of the share of education, that would be insufficient. But such modest, prepared insight into literature shows and proves the seriousness of roles and channels through which and to which education operates in the industrial and agricultural development, through the values, skills, knowledge, habits, competencies, skills of employees. Jacques Delors said: "The concept of learning throughout life is the key that opens the door of XXI Century" (Delor, 1996, p.99).

EMPIRICAL RESEARCH

Theoretical research gets pretty clear picture about the subject of our research. The subject of the research is to determine the interdependence of education and content of work of employees in the industry and agriculture, respectively, between the education of employees' behavior and content of work (at the level of certain working organizations) and duties that the employee performs in the work process (at the level of their interest and operations): close executives in industry and agriculture, line managers and engineers - technical staff, senior managers and

specialists, researchers and administrative staff. Such an approach to the subject of research provides an opportunity to gain relevant picture of the actual impact of education on the content of the work and the need for education and training.

Science and education are a key driver of economic development and its values, and the work represents a swivel that connects many economic activities and represents the central value of socio-economic development - walking and flow in its development, a source of wealth and value. It is natural that our attention is devoted to various dimensions of work activity and work - working environment, working conditions, as decisive factors of scientific and educational behavior of employees - the interdependence of the content of work and education, research and reliable indicators of this relationship. There we find a certain importance and value of this research in the process of re-industrialization and agrarization. After examining the diversity of their needs, especially in the "scale" of educational impulse, conditions for the design of education strategy are created in which all categories of employees in industry and agriculture can search for and take advantage of the opportunity and accelerate the innovation of their work activity, to encourage and enrich its activities with new quality methods and techniques and significantly enrich the ability and diversity of creativity of employees in industry and agriculture. Educational needs are at the center of numerous theoretical and empirical studies and express the social side of social essence and have important social and individual memorial.

Considering the above there is a clear notion of the object and purpose of research: Determining dependencies between the content of work and their elements in industry and agriculture and education.

The set goal of research creates more avenues of research which causes the following tasks, to be determined:

1. The existence of statistically significant differences in the attitude towards education of employees in industry and agriculture, given the nature and content of their work;
2. What is the content of labor in industry and agriculture connected with the attitude towards education;
3. Does the content of the paper affect the motivation of employees in industry and agriculture to education;
4. Does the content of labor in industry and agriculture defines the educational needs of employees, etc.

In the research we start from the basic assumption - a hypothesis: **“The content of labor in industry and agriculture significantly influences the attitude and motives for the inclusion of employees in education and professional training”**. From basic hypotheses, auxiliary hypotheses are formulated:

1. There is a positive correlation between the content elements of work and attitude towards education;
2. There is a significant statistical difference between those employed in industry and agriculture in the motives of education;

3. There are significant statistical differences in the study of educational needs among employees in industry and agriculture with regard to the content of the work;
4. There is a significant statistical difference in employee participation in educational activities.

Exploratory character does not express social relationships and links between the studied variables.

Under the direction of the impact of research, variables in this study can be divided into:

1. *Independent variables* – motivation to work, workload at work, pace of work, satisfaction with the organization of work, creativity work, emotional stress, job satisfaction, utilization of knowledge in the organization, opportunities for professional development and advancement in the profession, the functionality of school knowledge, suitability for education in economic organization.
2. *Dependent variable* - the scale of attitudes of employees in industry and agriculture to education - motives, desires, interests and needs.

The nature of the research problem affected that we have defined for a descriptive method, and in a part of this method we used two research techniques: interviewing and scaling.

Data on the content of the work of employees in industry and agriculture, and the motives, desires, interests and needs of employees in terms of education were collected using a questionnaire. The first part of the questionnaire contains closed questions (respondents chose one of the answers) and the second part of the questionnaire was formulated in the form of a five-point Likert scale (5 lot, 4 - sufficient, 3-little, 2 - insufficient, 1- not a bit) where we wanted to determine the views of employees about the utilization of the knowledge acquired during schooling, in an organization where work.

A total of 716 employees were examined from different working environments: industrial and agricultural organizations. And if the sample has certain elements of stratified quota sample, it is basically a commemorative.

Table 1: Sample structure

<i>Characteristic</i>	<i>Sample</i>	<i>N</i>	<i>%</i>
<i>Sex</i>	<i>Male</i>	579	80,9
	<i>Female</i>	137	19,1
	<i>Bo</i>		
	<i>Total</i>	716	100,0

<i>Completed school</i>	<i>Incomplete primary school</i>	82	11,5
	<i>Primary school</i>	119	16,6
	<i>High School</i>	387	54
	<i>College</i>	34	4,7
	<i>High School</i>	69	9,6
	<i>Masters of science</i>	17	2,4
	<i>Doctors of Science</i>	8	1,1
	<i>Bo</i>		0,1
	<i>Total</i>	716	100,0
<i>The content of work</i>	<i>Direct executives in the industry</i>	246	34,4
	<i>Direct executives in agriculture</i>	214	29,9
	<i>Senior executives and professionals in industry and agriculture</i>	46	6,4
	<i>Line managers and engineering and technical staff in industry and agriculture</i>	82	11,5
	<i>Researchers</i>	47	6,5
	<i>administrative staff</i>	81	11,3
	<i>Total</i>	716	100,0

Respondents were interviewed individually and in small groups mainly in the workplace.

The study was conducted during 2015.

RESULTS OF RESEARCH AND DISCUSSION

CONTENT OF WORK IN INDUSTRY AND AGRICULTURE AND ATTITUDE TOWARDS EDUCATION - EDUCATION MOTIVES

A content of work in the studied organizations has been associated with the three elements of motivation for education:

- Activities after working hours;
- the interests of employees to engage in some form of education and
- the reasons why employees are involved in education.

THE CONTENT OF THE WORK AND ACTIVITIES OF EMPLOYEES AFTER WORKING HOURS

Activities to which are dedicated tested employees after working hours and place of education in these activities, and also how much the content of the work affects these activities can be seen from Table 2.

Table 2: Activities of employees after working hours

	<i>Direct executives in the industry</i>	<i>The direct executives in agriculture</i>	<i>Senior executives and professionals in industry and agriculture</i>	<i>Line managers and engineering technical staff in industry and agriculture</i>	<i>Researchers</i>	<i>Administrative staff</i>	<i>Total</i>
A	134 (54,5)	112 (52,43)	16 (34,8)	31 (37,8)	13 (27,7)	51 (62,9)	357 (43,19)
B	21 (8,5)	16 (7,6)	3 (6,6)	13 (15,8)	7 (14,9)	4 (4,9)	64 (8,9)
C	17 (6,9)	23 (10,8)	6 (13,0)	12 (14,6)	3 (6,4)	4 (4,9)	65 (9,0)
D	0 (0)	0 (0)	4 (8,7)	11 (13,4)	17 (36,2)	4 (4,9)	36 (5,0)
E	29 (11,8)	27 (12,6)	8 (17,4)	8 (9,8)	3 (6,4)	5 (6,2)	80 (11,2)
F	37 (15,0)	26 (12,1)	7 (15,2)	4 (4,9)	2 (4,2)	8 (9,9)	84 (11,7)
G	8 (3,3)	10 (4,6)	2 (4,3)	3 (3,7)	2 (4,2)	5 (6,3)	30 (4,2)
Total	246	214	46	82	47	81	716
%	34,4	29,9	6,4	11,4	6,6	11,3	100

Legend:

- A- Home and family responsibilities
- B- Work
- C- Sport and Recreation
- D- Professional training
- E- Going to restaurants
- F- Watching TV
- G- Reading the press

By crossing the content of work in industry and agriculture with the activities of employees after working hours we found that testing group of employees significantly differ in the choice of activities.

Thus, the most frequented activity after working hours are home and family responsibilities: at the direct executives of the industry (54.2%), a similar result is also found in the direct executives in agriculture (52.3%), as well as administrative staff (62.9%) expected for the administrative staff because the largest number of respondents are women.

It is interesting that the direct executives of the industry and in agriculture are not interested in education as an activity after working hours. This activity is rarely elected by administrative staff (4.9%), while a slightly larger number elected senior executives and specialists (8.7%) and direct managers and engineering-technical staff (13.4%). With respect of workers who are engaged in the research within the organization, learning and education occupy the most important place in the activities after working hours. Thus, 36.6% of workers engaged in the research choose learning and education as an activity after working hours and only after the following activities related to home and family responsibilities (27.7%) and activities related to the job (14.9%).

It is obvious that education and learning with the researchers have a dominant place among the activities after working hours, and that the direct executives in industry and agriculture do not see themselves in these activities.

THE MOTIVES FOR INVOLVEMENT IN EDUCATION

Motives for the education of employees in the industry and agriculture in most of the tests is "higher salary" and "better workplace" and occupy the most important position in the list of motives, as shown by our study that follows this logic as evidenced by Table 3.

Table 3: The motives for involvement in education

	Direct executives in the industry	Direct executives in the agriculture	Senior executives and professionals in industry and agriculture	Line managers and engineering technical staff in industry and agriculture	Researchers	Administrative staff	Total
A	36	52	4	10	3	8	113
	25,5%	36,4%	10,0%	12,5%	6,4%	12,5%	21,9%
B	60	49	8	24	1	21	163
	42,6%	34,3%	20,0%	30,0%	2,1%	32,8%	31,7%
C	12	11	4	2	1	1	31
	8,5%	7,7%	10,0%	2,5%	2,1%	1,6%	6,0%
D	11	9	4	16	4	22	66
	7,8%	6,3%	10,0%	20,0%	8,5%	34,4%	12,8%
E	12	11	19	27	14	8	91
	8,5%	7,7%	47,5%	33,6%	29,8%	12,5%	17,7%
F	10	11	1	1	24	4	51
	7,1%	7,7%	2,5%	1,2%	51,1%	6,2%	9,9%
Total	141	143	40	80	47	64	515
%	27,4	27,8	7,8	15,5	9,1	12,4	72,0

Legend:

- A- Better workplace
- B- Personal income
- C- Social status
- D- Expanding education
- E- Professional development
- F- Creative work

Of the total number of respondents, the answers to questions of the motives for involvement in education gave them 515 or 72% of the respondents.

Based on the results can be sorted out the next motives for education among employees in industry and agriculture:

1. Increase in personal income (31,7%)
2. Better workplace (21,9%)
3. Professional development (17,7%)
4. Expanding education (12,8%)
5. Creative work (9,9%)
6. Social status. (6,0%)

The results are consistent with previous studies and confirm that *the increase in personal income* was the most common motivation for education and training of employees in industry and agriculture (31.7%).

That *the material benefit* is a primary motive for learning of employees in industry and agriculture is confirmed by the fact that a significant number of

employees see their motives for education in getting a better workplace in industry and agriculture (21.9%).

This phenomenon of motives for education and learning can be explained by the instrumental theory of motivation in which basis participation in educational activities is linked to the possibility of achieving the most important personal goals - higher personal incomes and better job position.

The desire for the professional development occupies third place in the ranking of motives for education among employees in industry and agriculture (17.7%).

This type of motivation often remains outside the organization for education, because employed in industry and agriculture in expanding their professional knowledge rely on individual work - reading books, professional journals, the personal contact with researchers and people who can help them in that.

The desire to expand education among employees in industry and agriculture as a motive for learning shows that employees are interested in expanding their knowledge and culture (12.8%) is a very positive result. On the other hand it indicates the desire of employees to engage in all forms of education.

The possibility of creative work is an important motif (9.9%). The result is not surprising, among other things, due to the structure of the sample in which the researchers are significantly present. But also because of the structure of labor in industry and agriculture.

It is expected that social position is not particularly important for learning of employees in the studied organizations.

Naturally it was assumed that the content of the work, in industry and agriculture, as a variable, is significantly related to the choice of motifs for education and training. This assumption is fully confirmed by the hypothesis: *The content of work in industry and agriculture significantly affected on the attitude of employees towards education and motivation for involvement in education and professional training.*

Also, with high statistical probability, we can conclude that the respondents with regard to the content of the work differ in preferences of motives for involvement in education and training.

Research has shown that for the direct executives in agriculture (36.36%) and the direct executives of the industry (25.5%) better workplace is the most important motive, and a large number of respondents in this category as a motive for the education and professional training see better personal incomes in the industry (42.6%) and agriculture (34.3%).

Among direct managers and engineering-technical staff as the most important motive for involvement in education is professional development with 33.6%, followed by personal income with 30.0%, while among the administrative staff in the first place is the motive for expanding education from 34.4 %, and personal income 32.8%.

The possibility of creative work is the first in a range of motives for learning among researchers (51.1%). The researchers expressed with a high percentage the desire for professional development (29.8%).

SELECTION OF EDUCATIONAL FIELD

We have assumed that the position in the profession is differential variable based on which the questioning of categories of employees in industry and agriculture are significantly different in the choice of educational field, as evidenced by the results obtained in this study (Table 4.).

Table 4: Selection of educational field

	Direct executives in the industry	Direct executives in the agriculture	Senior executives and professionals in industry and agriculture	Line managers and engineering technical staff in industry and agriculture	Researchers	Administrative staff	Total
A	18	17	2	1	2	4	44
	16,2%	17,7%	6,7%	1,8%	4,8%	12,9%	12,0%
B	22	25	5	18	5	10	85
	19,8%	26,0%	16,7%	32,1%	11,9%	32,2%	23,2%
C	28	15	15	29	27	16	130
	25,2%	15,6%	50,0%	51,8%	64,3%	51,6%	35,5%
D	29	35	2	2	2	1	71
	26,1%	36,4%	6,7%	3,6%	4,8%	3,2%	19,4%
E	14	4	6	6	6	0	36
	12,6%	4,2%	20,0%	10,7%	14,3%	0%	9,8%
Total	111	96	30	56	42	31	366
%	30,3	26,2	8,2	15,3	11,5	8,5	51,1

Legend:

- A – Socio-Economic Education
- B – Professional training
- C - Professional education
- D - Retraining
- E - Specialization

The answers to the placed questionnaire in this field gave 366 employees (51.1%), but it can be considered that 48.9% of employees are absolutely not interested in any kind of education and training. It can be concluded that employees who were tested showed a satisfactory level of interest to meet the educational needs in different areas of education and training.

The largest number of employees are interested in professional education 35.5%, followed by professional training with 23.2%, for retraining are decided 19.4% and education in socio-economic areas 12% and for specialization is interested 9.8 % of employees.

Therefore, professional education is the dominant desire of largest number of employees, because training for the workplace through a program of retraining and specialization are in the function of professional education.

There is a significant difference between the examined groups in choosing the field of education. Thus, for professional education is defined 64.3% of researchers, direct managers and technical staff with 51.8%, followed by administrative workers with 51.6% and senior managers and specialists with 50%. For professional training are identified nearly identical administrative staff (32.3) and the line managers and technical staff (32.1%). As the third educational area is allocated requalification where most people are interested in the direct executives in agriculture (36.4) and industry (26.1%).

Program of specialization in the highest percentage have attended senior executives and specialists 20%, while this educational area is not attended any administrative worker, and also other professional category did not have a lot of participation in the programs of specialization.

THE VIEWS OF EMPLOYEES ON THE USAGE OF ACQUIRED KNOWLEDGE DURING THE TRAINING IN ORGANIZATIONS

Utilization of knowledge acquired during the training - Education is an important factor in labor productivity and economic performance. Our respondents believe that the business used the knowledge gained from school: enough 8.2%, low 33.7% and 58.1% not at all. These results are worrying, but at the same time expected considering the educational structure.

The views of employees on the contribution of knowledge and education to economic performance of their organizations - Results show that employees fairly highly valued contribution to knowledge and education to the economic success of the organization: 20.5% a lot, enough to 40.8%, 34.7% low, 2% not enough and 2% not at all. The results are not surprising, though it is difficult to say whether it is the result of work content or education level of respondents or other factors.

Evaluation of functionality of the knowledge acquired in the school - Problem of functionality of knowledge acquired in school is a serious problem, because it is certain that neither the economy nor the school are not satisfied with the level of usability of knowledge acquired by education. Directly executives in industry and agriculture rather negatively assess the usefulness of the knowledge at work acquired in school: 1% - a lot, 23.7% - low, 33% not enough and 42.3% not at all, what is correlated with their level of education and the content of their work. However, there are significant differences depending on the content of employees in industry and agriculture, and between professional categories. The most positive attitude towards the functionality of knowledge acquired through education researchers showed 71.4%, while in a relatively modest percentage of that opinion have direct managers and engineering-technical staff 9.9%, senior managers and specialists 15.2% and administrative staff 5.1% etc. Although are possible different interpretations of these results, it seems that more critical towards this problem

manifest professional groups who need practical knowledge that our education does not provide sufficiently, achieving integration of theory and practice.

The discrepancy between the 'world of work' in industry and agriculture and the "world of education" is a big one. A high degree of criticism towards the current concept of education was shown, and believes that educational institutions are not sufficiently in function of work.

The willingness of the organization to use the knowledge and skills of employees - Indicator of readiness of the organization to promote education and the acquisition of knowledge and its commitment to fully utilize the knowledge and skills of employees is an important motivating factor for the interest of education and contribution to knowledge and education to economic growth and development performance of the organization. Based on the determined statistical indicators, we can conclude that the subjective assessment of respondents on the readiness of the organization to use the knowledge and skills of employees essentially depends on the content of employees' work. Nearly two-thirds of the results are grouped around the middle half of the variable - little (67.7%), according to the negative half of the variable - not at all (15.6%) and enough 16.7% of the respondents. The most critical in terms of readiness of the organization to use the knowledge and skills of employees are directly executives in agriculture 28.9% and direct managers and engineering-technical staff (25.8%). As a likely explanation for this result can serve related research, that in the agrarian organization, knowledge and education are valued less than in other organizations.

Evaluation of respondents how much is educational knowledge in a function of technological development of agriculture and industry - remarks that the educational system does not respond sufficiently to the demands of scientific and technical changes are not without merit, because in our study to the question how much school knowledge is in the function of technical-technological changes, a large number of respondents estimated that knowledge is insufficient 62.4%, little 29%, and only 8.6 percent that are sufficient. Most of criticism have emerged directly executors in industry and agriculture, which have the least knowledge in this area, which certainly have an impact on their evaluation, while the researchers, technical intelligence and senior executives and experts believe that the educational knowledge is in function of technical-technological changes.

That this result is not accidental, is confirmed by other authors, but also our research on the assessment of the respondents that were not familiar with the technical and technological changes where nearly 2/3 of respondents respond - 59.4% insufficient, 32.3% little and enough 8,3%.

The results indicate that employees have not acquired sufficient knowledge of technical and technological changes, and after finishing school is not supplemented and refresh their skills and knowledge, especially knowledge of the function of technological development.

Researchers represent a professional category that is fully aware of the technical and technological changes.

CONCLUSION

Quality of performance, growth and development of the agrarian organization is the result of the quality of education of its employees, or the result of their knowledge, attitudes, habits, skills, abilities, and production, aesthetic and ethical values.

Scientific study confirms that work and education, in industry and agriculture, as well as unavoidable factors of social and own development have extremely important place and role in stimulating and satisfying various human needs - the development of core competencies to remain in the knowledge society.

Education and learning can accelerate changes in the content of work and work activities, encourage and speed up enrichment of work and work activities, encourage and speed up enrichment of work by new methods and techniques and very much contribute to the breeding of human abilities and creativity.

By analyzing the results of the research we have found that the content of work in industry and agriculture, through the occupational groups and activities significantly influence the attitude of employees towards education. This effect decreases slightly when taking into account the age and level of education, while older respondents have a generally negative attitude towards the education than the younger, while those with a higher level of education take a positive attitude on the contribution of educational content of work in respect of employees with lower levels of education. The most positive attitude towards education has researchers, and the most negative have direct executors, which is in line with our assumptions and expectations, as well as the results of related research.

The research determined the sequence of motifs for education among employees in agriculture: increasing the personal income; obtaining a better job; desire for improvement in the profession and the desire to expand knowledge.

The assumption that the contents of the paper appears as a variable that has a significant connection with the selection of motives for participation in educational activities is confirmed. Direct executors in agriculture are mainly concerned with motives of utilitarian character.

The research results largely confirm the results of our and foreign authors in relation to the interest of employees in agriculture for certain types of education, and that the content of the paper is determinant variable of preferences of employees in the field of acquiring knowledge. This simultaneously means that it would be desirable and necessary that researchers of this issue directly linked the content of the work as a stimulus factor of education and learning to the wider environment, and socio-cultural environment, but also with intellectual and psychological characteristics of employees in agriculture.

In determining the areas and content of education must take into account the practical requirements of work and working situation of employees. It is expected, for example, that the primary interest of the direct executors in agriculture is a basic adult education, professional training for workplace and retraining, while few of them are interested in programs that have a wider professional knowledge,

which is generally characteristic of other professional groups in agrarian organization.

The research, analysis and interpretation of research results is a function of perceiving, defining and understanding the direct contribution of education and its impact on the positive problems and the development of the industry of agriculture in Republic of Serbia.

Agriculture needs something else compared to what we have today - as wide open space to science and education for innovative new programs with clearly controlled quality criteria. It must build awareness of the interactive relationships of socio-economic development and education.

Large and far-reaching changes in the structure and content of the work and work activity based on automation and high technology, intellectual content of rationalizing and innovative activities, strongly affirm the need for continuous learning and education and interest in the various dimensions of professional and overall development of human and its civilizational values.

The main challenge of the future period is to achieve structural changes in agrarian development through creative and synergistic use of resources, and above all competitive knowledge.

We are aware of the complexity of the examined problem, difficulties in the organization of education and work content and its elements. Therefore, our theoretical and empirical research should be understood as an attempt to partially sink into the essence of the interdependence of social and economic development, and content of work and education in order to determine the positive indicators of these relations and resolution so far perceived contradictions and dilemmas. There we find a certain importance and value of our research work, which will hopefully start a new research and discussion on this important issue.

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PART II

***EMPLOYMENT AND HUMAN RESOURCE
MANAGEMENT***



CHANGES IN THE HUMAN RESOURCE MANAGEMENT PRACTICES AND WORK MOTIVATION IN ACADEMIC ENVIRONMENT¹

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ABSTRACT

The study investigates the effect of Human Resource Management (HRM) practices on the motivation of university professors after changes and reform in the higher education system. It looked at 218 university professors, 55% of which were women and 45% were men, all coming from five established universities in Bulgaria. The study relies on factor analysis in order to establish changes in the Human Resource Management practices. The result was a differentiation in three of the factors – changes in the recruitment, evaluation, and faculty promotion practices, changes in the management styles, and changes in the rewards system. The major motivational factors for the university professors are associated with the content of the job itself, the autonomy and the responsibility. The changes in the management styles and the rewards system are indicative of a strong extrinsic motivation related to the income, the social relations and the management. The intrinsic motivation, associated with the job itself, is influenced by the changes in the recruitment, evaluation and career development practices, and the management styles and it is not affected by the changes in the rewards system. The changes in the rewards system are rated very low, which explains to a significant extent the low level of motivation of the university professors when it comes to remuneration and income.

Key words: *Human Resource Management Practices, Work Motivation, Organizational Changes, Reform In Higher Education System, Academic Staff*

JEL Classification: *I 25, J 24, J 28*

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INTRODUCTION

The modern Human Resource Management (HRM) is a key precondition for the effectiveness of the organizations and a factor, which gives them competitive advantage and fosters sustainable development. In the context of globalization and growing competition, the functions and the role of human resource management are expanding and include not only the particular organizational environment, but are part of the entire strategy that has to integrate the organization into the dynamic external environment (Lawler, Boudreau, 2015). Human resource management practices affect the turnover, job performance, and improve the financial indicators (Huselid, 1995).

Motivating employees is an important part of the HRM process and is closely linked to the rewards system. It is also affected by the recruitment, performance evaluation, promotion and career development. The theories of motivation applied in the motivation practices are related to the factors of satisfaction and dissatisfaction (Herzberg, 1966), equity (Adams, 1965), goal setting (Locke, 1968; Locke, Latham, 1990) and job characteristics (Hackman, Oldham, 1976; 1980). The theories and research on motivation revolve around three main approaches to motivation in recent decades: goal setting, the social-cognitive approach, and the theories of organizational justice (Latham, Pinder, 2005). The justice, perceived in its three forms – distributive, procedural, and interactional, is a dominating factor, which has a strong influence over the motivation, attitudes, counterproductive behavior, and work performance of the employees as a whole (Cohen-Charash, Spector, 2001).

The area of higher education is one of the most dynamic and fast changing sectors with an ever increasing competitiveness, decreasing number of prospective students, limited government funding and a myriad of other factors of the socio-economic environment, which affect the quality of education and behavior of university faculty and staff. Unlike business organizations and public administration, however, universities have limited opportunities to apply Human Resource Management strategy and practices and in particular, to introduce approaches and techniques to motivate the academic staff. The data on motivation of faculty and researchers is insufficient, since it is often assumed that they are motivated by the very nature of the academic work and the challenges it poses in front of them. A study on the motivation of researchers has determined that there is positive relation between intrinsic motivation and work performance, while instrumental or extrinsic motivation has negative effect (Ryan, 2014). The study takes into account the following environmental factors which affect motivation – financial rewards methods, the culture of teaching and the higher education, the difference in the experience of the staff and their roles, the personal autonomy and the organizational structure (Rowley, 1996).

The motivation of the academic staff and the employees determines their commitment to the organization and is a major factor for the effectiveness and organization development of the universities (Ilieva, Nikolova, 2004). People who

work in the system of higher education have high level of personal significance of the job and engage with it, they are very committed to the organization and experience satisfaction of the work as a whole (Ilieva, 1998). Contrary to the expectations that satisfaction of the university professors will depend mostly on the intrinsic characteristics of the job, which play the role of intrinsic motivators, the main reason for the high level of satisfaction is the policy of the organization (organizational aspects of the job), while the content of the job, though essential, is of secondary importance (Ilieva, 1998).

The supporting mechanisms in the universities are major factor for the effectiveness of the organization and are indicative of the level of intrinsic motivation, which is associated with the content of the job itself, the autonomy, and the job-related responsibility. Rewards are also important, as they mostly define the motivation of university professors that is related to income, interpersonal relations and management. There is a clear structure of the motivation and the factors of organizational effectiveness which influence it. The extrinsic motivation depends on the rewards system, while intrinsic motivation, which is more stable when it comes to time and circumstances, and defines the quality of the work and the efforts invested in it, is determined by the supporting mechanisms. The latter are part of the traditions, rules, and practices in the organization, e.g. the organizational culture (Ilieva, Topuzova, 2016).

The aim of the current study is to establish the relationship and the influence of the approaches and human resource management practices on the motivation of university professors to work. It is expected that the procedures for selection, recruitment, evaluation, remuneration, career advancement and development, introduced after the changes in the Higher Education Act and the corresponding amendments in the Statutes for the structure and activity of the universities, will affect the work motivation of the academic staff.

RESEARCH METHODS AND SAMPLE

Questionnaire for measurement of the changes in the human resource management practices. A questionnaire comprising 20 items which are measured on the basis of a five-point scale, ranging from “strongly disagree” to “strongly agree,” has been used in order to establish the changes of the human resource management as a result of the ongoing reform in the higher education system. The items cover the main components of the human resource management: system for selection and recruitment, system for performance evaluation, system for training and promotion, system for rewards, and management styles. The questionnaire shows high psychometric qualities in the different samples (Ilieva, 2009). Three factors have been derived by using factor analysis through the method of the main components with Varimax rotation. The first factor has 9 items, which encompass the changes in the procedures for **recruitment, evaluation, career advancement and development**, and explain 26.73% of the variation in the human resource management approaches. The second factor has 6 items, which explain 20.18% of the variation and refer to changes in the **management styles**. The third factor

includes 5 items and explains 18.01% of the total variation. The content of this factor refers to changes in the **rewards system**. The coefficient for internal consistency of the method is very high in the current study (Cronbach's α is 0.94), and ranges from 0.88 to 0.91 for the subscales.

Questionnaire for measurement of the work motivation. The work motivation were measured with a questionnaire, which contains 29 items and is adapted for the purposes of the current study. The items cover the main motivational factors that are set out in the theories of motivation, and the number of conducted empirical studies demonstrate their significance. The factors, which are seen as motivating by their very nature, refer to the work conditions, content of the performed job, rewards, relationships with the management and colleagues, opportunities for promotion (academic advancement) and career growth. The items are evaluated on the basis of a five-point scale, which reflects the extent to which university professors are motivated by different aspects of the job. The questionnaire that was used is highly reliable when it comes to studying the work motivation and meets the psychometric requirements (Ilieva, 2009). In the current study, Cronbach's coefficient α for the entire questionnaire is 0.92, and ranges from 0.73 to 0.88 for the subscales.

The structure of motivation of faculty was established through factor analysis by the method of the main components with Varimax rotation. Five major factors were derived, which encompassed the different incentives to work and revealed the specifics of the motivation of university professors to work.

Six items fall under the first factor, which cover aspects that are typical for extrinsic motivation. The items are related to rewards, the promise of their timely payment, fairness in their distribution, standard of living they provide for, as well as the additional benefits earned for results above the expected. This factor is referred to as **income** and explains 14.46% of the variation in work motivation. The internal consistency of the statements in this factor's α is 0.79.

The second factor also has six items. It reflects those aspects of the work content that relate to the intrinsic motivation – e.g. the opportunity to achieve excellent results, the challenges your work faces you with, the necessity of applying creative skills, which derive from the content of the job. This allows us to formulate it as **work content**. It explains 14.38% of the variation, and the coefficient for internal consistency, Cronbach's α , for the items which fall under this factor is 0.74.

The third factor has eight items, which refer to the **relationships and management of the university**. This factor contains items for the relationships in a vertical and horizontal plane, as well as the management policies. It explains 13.33% of the variation, and the internal consistency of the items in this factor α is 0.88.

The fourth factor contains five items and reveals the **autonomy** of working in an academic environment. The coefficient for internal consistency, Cronbach's α , for the items in this factor is 0.73, and the factor explains 8.92% of the variation.

The fifth factor is labeled as **responsibility** and has four items, which explain 5.44% of the variation. The coefficient for internal consistency, Cronbach's α , for the items that fall in this factor is e 0.76.

SAMPLE

A total of 218 people took part in the study, of which 121 were women (55%), and 97 were men (45%). They were approximately equally divided between the five universities – respected institutions with established traditions and rating, which attract a sufficient number of students and which have approved in the areas, offered as majors to their students: Sofia University “St. Kliment Ohridski,” South-West University “Neofit Rilski,” University of National and World Economy, Technical University – Sofia, Veliko Tarnovo University “St. st. Cyril and Methodius.”

The respondents were divided into five groups, in accordance with their age. 75 people in the age group 30-40 years old (34.4%); 52 people in the age group 40-50 years old (23.9%); 44 people in the age group 50-60 years old (20.2%); and 28 people in the age group 60+ (12.8%). Based on the total professional experience, the respondents were again divided into five groups. The group with the shortest professional experience (up to 5 years) has 22 respondents, which is 10% of the sample. 29 respondents fall into the group of people with professional experience between 6 and 10 years (13.3%); 46 respondents in the group of people with professional experience from 11 to 15 years (21.1%); 36 respondents in the group of people with professional experience from 16 to 20 years (16.5%); and 85 respondents in the group of people with professional experience over 20 years (39%). According to the academic position they occupy and their place in the academic hierarchy, 54 respondents (24.8%) are habilitated professors who hold senior academic positions, 66 respondents (30.3%) are habilitated professors who have no senior administrative functions. The professors without habilitation are 98 (45%).

RESULTS

CHANGES IN THE HUMAN RESOURCE MANAGEMENT PRACTICES AND HIERARCHY OF UNIVERSITY PROFESSORS' MOTIVES TO WORK

The changes in the Higher Education Act and the amendments in the universities' statutes regulate the procedures for announcement and conducting of competitions for open positions, occupation of a position, career development and promotion. They significantly decrease (or completely eliminate) the centralization in the process of obtaining a doctoral degree and academic rank, and provide universities with autonomy when it comes to strategies for the development of the academic staff. This type of changes, however, necessitate modifications in the management styles, which are important for the application of these procedures, and in the rewards system, which have to reflect the real contribution and academic achievements and not to be formed solely on the basis of the occupied academic position and professional experience. The mean values for each of the three factors that were derived from the factor analysis were calculated in order to evaluate how

university professors perceive and assess the changes in the human resource management practices and approaches (Figure 1).



Figure 1: Changes in the human resource management

The results show that changes in the recruitment and career development, which follow directly from the regulated legal procedures, are the ones that are valued the most. University professors appreciate the effect of the procedures for announcement and conducting of competitions for open positions and the introduction of criteria for obtaining a doctoral degree and holding an academic position. In fact, these are the adopted and actually implemented changes which give universities the autonomy and flexibility in applying academic strategy and planning career advancement and development. To a large extent, these changes are beneficial for the professors as well and meet their interests by eliminating a substantial part of the limitations for their career growth and creating opportunities for faster development when adhering to the criteria stipulated by each university. Second in importance are the changes in the management styles, which are clearly influenced by the application of the new procedures and practices. Least valued are the changes in the rewards system. Obviously, the changes in this component, which is instrumental in the human resource management and is always used as a main way to enhance work performance, are lagging behind and are a prerequisite for dissatisfaction.

Particularly interesting for researchers is to find which motivation factors are dominating and reveal the specifics of the hierarchy of incentives of university professors, so that the relevant approaches and methods for its increase could be applied. The results of the descriptive statistics are indicative of the structure of work motivation. It clearly differentiates the actual motivational factors, which are the source of satisfaction according to F. Herzberg's theory, from the "hygiene" factors that are related to the organizational and social environment and lead to dissatisfaction if there is deficiency (Figure 2).

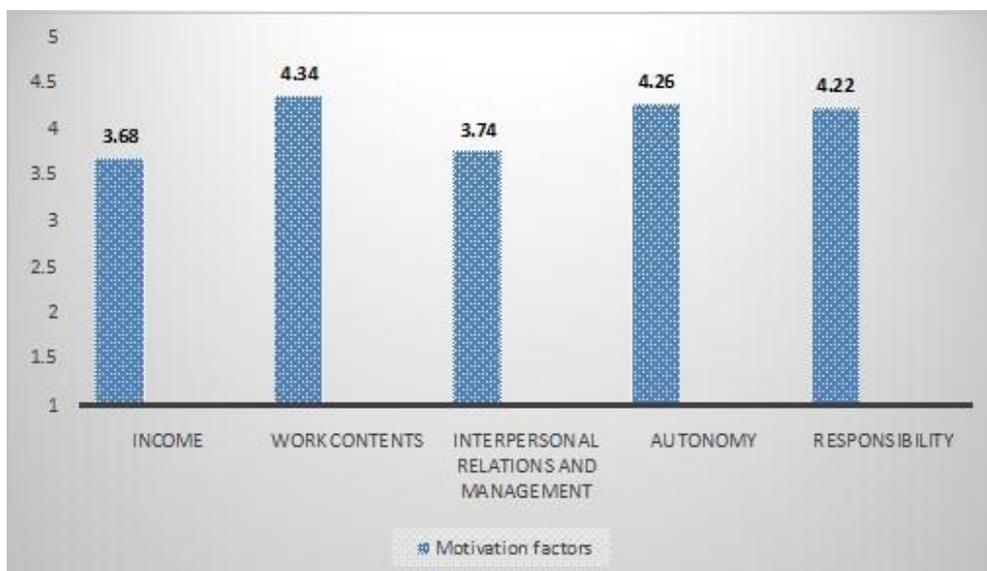


Figure 2: Hierarchy of motivation factors

The first three factors (from the five derived in factor analysis) which motivate the faculty refer to the characteristics of academic work itself. The first factor is the work content. The interesting and absorbing work of university professors: the fact that it requires creative skills, presents possibilities for achievement of excellent results as well as challenges and the opportunity to meet and interact with different people are a reason and a prerequisite for a higher motivation. The autonomy of performance at work and the responsibility for its results are the other motivating factors that reveal the specifics of the motivation of university professors. The possibility for planning the work, the freedom when performing work-related activities and the variety of the tasks accomplished in class, the importance and the benefits for the society, as well as the taking personal responsibility are highly motivating.

The aspects of extrinsic motivation related to the social relations in both vertical and horizontal planes and to the policy of the employing organization regarding work conditions, remuneration and development opportunities are less valued as motivation factors. The fourth place in the hierarchy of motives is taken by the interpersonal relations at work and the management. The policy of the organization regarding its employees, the social interactions among the colleagues and the role of the management have motivating effect and therefore would lead to improved work performance. The last place as far as motivating power is concerned goes to remuneration. The regular guaranteed salary pay and the security of both employment and pay are highly valued by faculty. The small motivating power of income is only based on its actual financial worth. The faculty believe that their income cannot provide them with a decent standard of living. University professors do not see their pay as just because it is not relevant to the effort and contribution they make in their job.

INTERRELATIONS BETWEEN CHANGES IN HUMAN RESOURCES MANAGEMENT AND WORK MOTIVATION

In order to establish the interrelations between the changes in human resources approaches and the separate aspects of the motivation of faculty a correlation analysis has been made. The results show the statistically significant correlation among the studied variables, which confirms that the human resources approaches and changes made in them with respect to the reforms in the system of higher education influence motivation of faculty (Table 1.).

Table 1: Results of the correlation analysis between changes in human resources management and work motivation

Work Motivation	Recruitment and career development	Managing styles	Rewards
Income	0,373***	0,475***	0,529***
Work Contents	0,435***	0,358***	0,277**
Interpersonal relations and management	0,654***	0,572***	0,446***
Autonomy	0,438***	0,376***	0,251**
Responsibility	0,261**	0,322***	0,218**

*** $p < 0.001$; ** $p < 0.01$; * $p < 0.05$

When compared with other motives, the ones that have to do with relationships are most strongly influenced by human resources management. The procedures for recruiting faculty and career growth, the managing styles and remuneration contribute to the maintenance of motivating relationships, good working climate and positive evaluation of management; these procedures are viewed as proper, protecting faculty interests and solidly based on clear criteria. When the managing style is perceived negatively and when there is a lack of clearly-cut criteria for the implementation of the procedures and regulations for career growth and stimulation, changes will negatively influence the motivational dynamics of the relations between the colleague and the management and also, the evaluation of the employing organization policies regarding faculty.

The motives linked to the income of faculty are correlated, as it can be expected, to a great extent to the remuneration system and also to the varying managing styles. The changes in procedure for selection, evaluation and career development have small correlation to this aspect of motivation.

The motivation related to work contents, autonomy, the interpersonal relations and management correlate with the system of recruitment, evaluation and career development of faculty, followed by changes in the managing styles and the remuneration system. The responsibility for the execution of work duties correlates mostly to the managing styles, followed by the systems of recruitment, evaluation

and career development. The changes in remuneration systems have relatively less importance.

The results from the correlational analysis confirm the existence of sufficient interdependence between the changes/variations in Human Resources Management and work motivation in faculty but also outline certain specifics. For example, the changes in the procedures for recruitment, evaluation and academic advancement are mostly related to the aspects of the intrinsic motivation such as work content and autonomy while performing at work as well as the social interactions with the rest of the faculty and management. It has been determined that the changes in managing styles correlate to all aspects of motivation and they are connected with external motivation of university professors that has to do with the relations with the management and remuneration. The system of remuneration correlates moderately with income, interpersonal relations and management as a motivation factor and loosely to the rest of the aspects of motivation that have to do with work content, autonomy and responsibility.

INFLUENCE OF THE CHANGES IN HUMAN RESOURCES MANAGEMENT ON WORK MOTIVATION

The correlation analysis established interdependence between the Management of Human Resources and all motivation factors. A regression analyses has been made based on the stepwise regression method in order to find out which changes in Human Resources Management determine work motivation. (Table 2.).

Table 2: Influence of the changes in Human Resources Management on work motivation

Work Motivation	Changes in Human Resources Management - β			
	Recruitment and career development	Managing styles	Rewards	ΔR^2
Income		0,205*	0,385***	0,30
Work Contents	0,435***			0,19
Interpersonal relations and management	0,494***	0,232**		0,46
Autonomy	0,438***			0,19
Responsibility		0,323***		0,10

***p<0.001; **p<0.01; *p<0.05

The results from the regression analyses confirm the assumption that the changes in the Human Resources Management approaches influence work motivation in faculty. The changes in the systems of recruitment, evaluation and academic advancement lead to changes in motivation related to work contents, interpersonal relations, management and autonomy of work performance, i.e. they alter intrinsic motivation generated in the work itself as well as the social aspects of

motivation. The changes in managing styles determine the motives related to income, to interpersonal relations at work and management as well as work-related responsibility.

The changes related to remuneration only predict the work motivation based on income but do not affect the rest of the aspects of motivation. This confirms the assumption that inner motivation linked to remuneration will alter when under the influence of changes in policy of the employing organization regarding the income of faculty. The changes in the remuneration systems, however, will not affect the aspects of intrinsic motivation that have to do with work content, autonomy and responsibility as well as those connected to interpersonal relations and management.

It has been determined that the changes in Human Resource Management are the root of alternation happening in extrinsic motivation and to a lesser extent can predict the intrinsic motivation of faculty. For instance, the highest percentage of variation (46%) is found in the motivating effect of interpersonal relation and management which influence the procedures for recruitment, evaluation and career development as well as those procedures related to managing styles. Changes in remuneration and managing styles also explain 30% of the motivation related to income. Changes in the procedures for recruitment and career development explain 19% of the variation in motivation that lies in work content and autonomy while the responsibility at work is only determined by the managing styles which explain 10% of the variation in this motivation factor.

DISCUSSION

The results outline the specifics of faculty's work motivation in which the job characteristics seems to be a leading factor. It has been confirmed that the work content, the relative autonomy and responsibility for work results motivate faculty more than the factors of the organization and social environment. The results agree with Herzberg's theory (Herzberg, 1956) which states that these are the motivators that lead to job satisfaction. The results also agree with the Job Characteristic Theory (Hackman, Oldham, 1976; 1980). They reflect the content of the job itself: creative, requiring a variety of skills, challenging, career developing, socially valued, and giving feedback as far as results are concerned.

The social and organizational factors of motivation have lower position in the motivation hierarchy. Social relations, management and the organization's policies regarding its employees, remuneration and work conditions refer back to the extrinsic aspects of motivation and according to Herzberg's theory, when lacking, become the source of dissatisfaction and low motivation.

University professors who are motivated by the work itself and the autonomy it allows and who have built a motivating relations with their colleagues and management will positively evaluate all aspects of a change in the Human Resource Management but mainly those changes that have to do with the assessment of their work and the possibilities for career growth and promotion. On the other hand, the improvement of the procedures and systems for recruitment and

career growth of faculty would be of great importance for intrinsic motivation and would therefore enhance the work performance as a whole.

The results from the regression analysis show that all components of the contemporary Human Resources Management have a direct impact on faculty motivation and could improve their performance and the quality of students' education. The procedures for selection, recruitment and evaluation of the academic growth are also among the main factors influencing motivation. They are first of all connected to the interpersonal relations and management at work which can better motivate when the procedures for recruitment and career growth are clearly defined and transparent and the managing styles applied suggest trust and support and contribute to the effective implementation of the above mentioned procedures. The way the faculty is selected, recruited, evaluated and promoted predicts the changes in motivation related to the job itself. Thus, if the changes made are perceived as having the necessary impact, the faculty will find motivation in the content of their job and its autonomy. The responsibility for the performance at work which is related to the carrying out of the education process and the quality of lecturer's work will be more seriously taken only under the influence of the changes of universities' managing styles. In this sense, the introduction of managing practices as a process of delegating and increasing of the faculty's participation in decision making would positively influence the taking of responsibility for the results of the faculty's work.

The extrinsic motivation of faculty, related to remuneration, although directly influenced by any change made to it, does not only come down to finances but also correlates with the rest of the changes in HRM and mainly the managing styles applied to the faculty. Remuneration has no influence on the rest of the components of motivation. However, it does not mean that there isn't any need for changes in the remuneration system. At present the changes in the remuneration system in higher education are the least valued and the remuneration is not linked to the quality of the teaching and research work; it is not based on clearly defined criteria for evaluation of performance at work. The low pay that faculty receives and the lack of differentiated pay determined by results achieved become the causes for demotivation of faculty. This is the reason why this factor is ranked last in the hierarchy of motives. On the other hand, however, the income is what most directly influences and immediately increases motivation. The pay rise itself, when not defined by certain criteria, would, first of all, become problem for the employing organization due to restricted financial resources, and second, would not have motivating effect and if it does it will only be temporary. In order to compensate the low motivation by payment, other forms of remuneration can be used such as bonuses, rewards, financial aid to sponsor participation in various international initiatives and projects. The financial value of such forms can be relevant to the faculty's achievements and efforts. A motivating effect can be realized only when the rewarding procedures are strictly defined and there are clear rules for determining the quality of faculty' achievement that are an object of additional financial stimulation. If this is not the case, prerequisites for subjectively based and unregulated practices will be created and the feeling of injustice would lead to the opposite – demotivation role of remuneration.

The following of the principles of the distributive and procedural justice is a condition for the achieving the expected influence of changes in Human Resources Management on motivation. Distributive justice has to be applied when distributing remuneration while procedural justice has to do with the manner of applying the rules and principles and is also related to the recruitment, recruitment and promotion in university environment. The implementation of the norms of distributive, procedural and interactional justice in university management efficiently motivates and contributes to effective implementation of organizational changes.

CONCLUSION

The introduction of the modern approaches for Human Resources Management and the improvement of managing styles in universities would significantly contribute to the motivation of faculty and therefore lead for attraction and retention of students as well as to enhancing education quality. Universities are typically rigid structures that are more difficult to change when compared with other organizations. They react slowly and late to change in their environments such as demographic problems and reduction in the number of applying students and changes in the labor market. Dealing with the challenges of the environment is only possible when faculty is highly motivated and thus create interest in their students and academic environment for the acquisition and development of professional competences.

The results lead to the conclusion that the different types of changes made in universities are carried out by a different sequence, speed and their success varies. Most rapidly approved changes that are legally regulated and referring to the process of Human Resources Management. It takes significantly longer time for the changes in the managing styles to happen as they are in fact related to the changes of the organizational culture of the universities. The worst evaluated changes are those in the remuneration systems. These changes, however, have the fastest impact on motivation and work performance. They need to be performed simultaneously with changes in the other components of Human Resource Management, as otherwise would lead to dissatisfaction with the job and low motivation.

There is a clear structure of motivation and the changes. Extrinsic motivation depends on the system of remuneration while the intrinsic motivation, which also remains more stable in time and through different circumstances, is determined by the job characteristics themselves.

Carrying out a reform in higher education and adapting to meet the requirements and the needs of the environment calls for strategic changes in the universities' structure, culture and HRM practices. In that respect, the initiated changes in HRM are only the beginning of a long process of organizational change and development. The success of these changes is to a great extend determined by the motivation, readiness and the capacity for change of faculty as well as by the efforts professors put in the work process for the achievement of good level competition and efficiency in each particular university.

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MOTIVATION OF EMPLOYEES IN FUNCTION OF IMPROVEMENT OF INTERNAL COMMUNICATIONS AND ETHICS

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ABSTRACT

The paper deals with the importance and motivation of human resources in the modern organization by pointing out the factors that determine the specific behavior of employees in the workplace. The focus is on strategic planning and implementation of an increase in satisfaction in the workplace through the activation of immaterial factors of motivation and self-motivation, by satisfying the basic needs of the employees. There are proposals for management of the direction in which they could operate, and how to intervene in order to achieve high-quality, creative and productive work in a situation of reduced opportunities for financial rewards, what is currently in country of Serbia. A correlation between motivation and communication in business is presented through the paper, and thus it is shown how to do business competitively in today's market conditions. It is also shown how ethical norms in the organization affect the degree of satisfaction with business, and how to effectively manage the given issue in order to achieve a higher level of motivation and therefore the success in business through the realization of the prestigious results.

Key words: *Motivation, Internal Communication, Ethics, Regression, Correlation*

JEL Classification: *D01, C83*

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INTRODUCTION

Decision-making is not only a manager's job, but also in the business system employees are those who make decisions relating to their business and who make the business system working (Garvin et al., 2001, p.108). The selection of personnel, their putting into the operation of organization, continuous improvement and an incentive of the creativity is the main strength of an organization. One of the most important processes of the third phase of management are motivation and communication. Motivation is to encourage employees at all levels in order to achieve these objectives. The most important strategies for motivating employees are: organizing work, communication of a manager with his employees, delegating, power and authority, result strategies and rewarding strategies (Karavidić et al., 2012, p. 159).

CORPORATE COMMUNICATIONS

Corporate Communications include the exchange of information within the organization and outside of it. To facilitate communication, managers usually need to have, or develop, significant relationships - such as the effectiveness and efficiency of speech, writing and listening skills – how they could best help the growth of the reputation of your organization in the marketplace. The aim is to work to increase the creditworthiness because it significantly influences the business success.

They can be divided into the following sections:

- Media relations - relations with journalists and editors of media outlets, newspapers, digital and electronic media,
- Public relations and lobbying - relations with government institutions and socio-political communities,
- Internal communications - relations between management and employees,
- Investor relations - relationships with current and prospective investors, shareholders, financial analysts.

Ansgar Zerfass posted a draft of corporate communications according to which he connected sociological theory, communication-theoretical and economic-theoretical approaches and set up interdisciplinary theory of corporate communications. By that, from the three scientific perspectives he merged corporate governance, communication and social integration in the concept of corporate communications. It defines three communication functions that are related to organizational, market and socio-political environment and within corporate communications allocates internal communication, which is responsible for relations with employees and owners (Milas, 2011).

Internal communications, like the staff communication, in its most basic sense means facilitating strategic relationships and conversations within your organization. This communication takes place between leaders, managers and

employees. When at a high level, it ensures that employees are dedicated to achieving revolutionary business results, improved cooperation and productivity.

Often in theory and practice the question of the relationship of leadership in the process of management is raised. The role of the leader as a driver for his followers in the process of motivation is still one of the biggest challenges in organizational behavior (Bass, 2008). The vision of communication and goal setting are two main theoretical approaches that seek to explain the relationship between the leadership, managerial behavior and motivation of employees. First of all, effective vision statements tend to be relatively abstract, based on far-reaching vision and timeless determination; In contrast, effective setting of the goals involves formulating specific challenges and time-bound goals (Conger et al., 1998). Although the vision and objectives are similar in some respects (for example, how they relate to the desired events in the future), there are significant differences between them; Visions are common and almost never fully realized in practice ... and the objectives are specific and can be more easily achievable (Kirkpatrick et al., 1996).

MANAGERIAL ETHICS

The first and foremost in corporate governance is the strict adherence to business ethics at the professional level. Understanding the rules and regulations, together with social and personal expectations of ethical action is absolutely critical and fundamental concern for all managers. The complexity and responsibility of running a business and managing employees is the first priority for managers because it causes severe consequences, both personal and for all parties involved.

People are the most important resources of modern organizations. The most dominant role in the creation of the mission, vision, goals, business strategies and policies have a top-level managers (top managers). In addition to functional and conceptual skills, knowledge of the system, top managers must possess the social and ethical responsibility.

Social responsibility involves social obligation (fulfillment of legal obligations) and social consciousness (adjusting social conditions). Ethical responsibility implies moral values for the management of the organization. Ethics and ethical behavior are the basic elements of the work of business entities; In making a number of decisions managers face a number of ethical choices, which essentially represent the ethical dilemmas (Karavidić et al., 2012, p. 40). As the bearers of ethical behavior of people, immoral behavior of top managers represents an unambiguously harmful phenomenon in the process of governance. We can cite three stages in the modern history of economic thought, and this is the first, where they united finance and ethics, the other, where there is divergence and the third, when the separation is complete (Ferullo, 2010).

On the appearance of unethical behavior of the top managers responded by many scientists and among the first was Paul Krugman, saying that there is a tendency of rapid enrichment of individuals and rude, which negatively affects how

the process of redistribution of the negative macroeconomic level, as well as the deterioration of the organization at the micro level that the resulting in the collapse of the economic system. The ethical dilemma is to distinguish between what is right and what is wrong but also what looks right, but it's really wrong (Gildenhuis, 2004).

The top managers often put their interests before the interests of the capital owners. They often enter the high-risk short-term investments rather than long-term planning approach that provides financial stability. If we add costly and time-consuming business travel, high costs representations or scheming with the competition, it is clear that this has a negative impact on the value (down action) of the business entity.

ETHICAL VALUES IN MODERN ECONOMIC SOCIETIES

In the modern business processes, top managers are faced with problems that can be harmful to others and also benefit yourself or your company. What will make the decision, what consequences they will have on the employees and the organization itself, depends on their moral profile. If there is a disturbance of the atmosphere due to the lack of business ethics codes can occur in businesses. Two famous examples are the companies Enron and Parmalat. Because of the lack of ethics of top management, because they hide and show false information about the financial operations and the overall state of the company, has led to the fact that many people have owned shares that had a false value. When the fraud was disclosed, shareholders have lost huge financial resources and employees lost their jobs. Recommendation to the governing boards is that they need to monitor and control the main managers. Some of the questions that should pay attention to are:

1. Are the top managers tend to a myth?
2. Do they blur the financial statements?
3. Do they perform the manipulation of bids?
4. Do they give false information to co-workers?

Top managers also must work to improve ethical standards in their companies. The following questionnaire may help in understanding the total moral values within the company (Collins, 2015.).

Engaging employees with ethical values

1. Our organization emphasizes the importance of ethics!
2. Our organization will verify the character of applicants for former employers!
3. Our organization conducts interviews with the final selection of candidates and sets the oral questions about potential ethical dilemmas!
4. Our managers take into account the ethical potential candidates when making decisions about employment!

Codes of Ethics

5. Our organization has an ethical code of conduct that describes the dilemma in its activities and defines ethical behavior!

6. Our organization consults with employees and other stakeholders on ethical politics!

7. All employees are trained in the enforcement of our codes of ethics!

8. Our organization has published a set of values that reflects expectations about the implementation of ethical standards in practice!

9. That the importance of ethical values in contact with external actors!

10. All employees participate in an annual survey of ethical codes and assess the performance of the organization!

Director as a moral role model

11. Our organization is reflected in concrete actions and not just rhetorical activities!

12. Our managers demonstrate an understanding that ethical integrity takes precedence over other business requirements!

13. Our managers are encouraged to accurately present the advantages and limitations of our products!

14. Employees can openly talk with managers of ethical issues!

15. Managers give employees feedback in order to take appropriate action in dealing with ethical problems!

Work objectives and evaluation

16. Work objectives are challenging but achievable!

17. Work objectives apply to managers and to subordinates!

18. There are clearly defined consequences for those who disobey declared ethical rules!

19. Moraalni integrity is a critical factor in determining a person for promotion of products!

20. The impetus in the amount of salary and career advancement involves the upgrade of ethical behavior!

21. Employees who ignore ethical behavior does not have an incentive to the salary and career advancement!

Ethical compliance audit

22. Our organization examines ethical responsibility on an annual basis!

23. Our employees have guidelines regarding issues with ethics and legal norms!

24. Our organization measures ethical responsibility with the best in the field!

25. Our organization collects information from suppliers and customers about their ethical performance!

26. Our organization monitors the causes of unethical behavior!
27. Corrective measures are taken for the appearance of unethical behavior and managers are responsible for implementing change and achieving better results!
28. All relevant information on ethical behavior represent and share with the owner!

This questionnaire enables evaluation of the ethical health of the company. Top managers respond to the allegations set to "yes" or "no".

From 17 to 28 replies with "yes" - Excellent! Ethical health of the organization is better than most companies. Remember, there is always room for continuous improvement!

From 9 to 16 answer "yes" - Pretty good! However, it can be much better.

From 0 to 8 responses to "yes" - It's time to work on improving the ethical health of the organization.

MOTIVATION

The subject of this work is the motivation of employees in the companies M. The survey will be used as a technical methods and as additional methods a statistical mathematical model will be used. It provides that on the basis of probability, extrapolation and interpolation of data, explains and performs prediction of the trend (Petković, 2010, p. 102). In terms of the lack of motivation of employees in the manufacturing process, it is necessary to analyze and evaluate the existing motivation of employees in the company, and the goal is to determine the potential managers for successful motivation of employees in the future. It should be noted, with regard to the methodology used as a statistical test, decisions are made with a certain and pre-accepted risk.

Starting from Maslow's hierarchy of human needs, which includes five groups of needs and arranged from lowest to highest: physiological needs, safety needs, the need to belong, the need for recognition of the need for self-realization, used to be a starting point to define the critical need which the managers were supposed to enable to the employees. Usually, the stronger needs of this hierarchy appear only after all the needs of the lower level are satisfied, mostly or completely. (Melentijević et al., 2004).

This hierarchy of needs is based on the cultural values of America. In cultures that value uncertainty avoidance, such as Japan and Greece, security of job and lifetime employment are powerful motivators of self-realization. In Denmark, Sweden and Norway, social needs are more powerful than self-realization and self-respect. In China, Japan and Korea, which value collectivism and community work over individual achievement, belonging and security are more important than the needs of growth. The needs identified by Maslow can be universal but the logical or hierarchical sequence differs from culture to culture (Mijailović et al., 2011).

The task of the manager of human resources is to enable the fulfillment of the needs of different types of employees, and some of them are (Sajfert et al., 2008):

- The need for security, enabling and encouraging the need for security (secure job, a steady income, safety, health of the family)
- The need for recognition, developing self-esteem, competence, and various achievements.
- The need for self-actualization, personal presentation skills, aiming at reaching the maximum.

Self-realization is the realization of the highest potential of one person (Renthzog, 2000). However, the commitment of the individual for the job depends not only on its ability but also of its motivations. Human resource managers need to make special efforts on finding new solutions in the presence and proper motivation of employees improve production cycle (Čukić, 2010).

By analyzing the results of the research described in this paper, some specific guidelines are made for management in decision-making process concerning the form of motivation, the current fulfilment of motivations and satisfaction on the level of motivation of potential motivator to employees in the company M.

MOTIVATIONAL PROCESS

Motivational process means involving the different reactions of employees starting with the primary unmet needs, and to those that affect the satisfaction of those needs. The survey covers employees in the company M in order to determine the level of employee satisfaction based on the effects of different motivators.

The forms of motivation, are covered by the questionnaire:

- Salaries of the work (compliance of the salaries with the works of the individuals)
- Internal communication (exchange of information)
- Pensions and security for old age (payment of pension insurance)
- Without hard work (the ability to work without effort)
- Right to privacy (the moral law)
- The right to freedom of speech (fairness, honesty)
- Ethics training and education (individual or in groups)
- The opportunity to perfect (personal growth)
- Conflict resolution (method and approach to problem solving)
- Working conditions (condition of work space: hygiene, temperature, ventilation, lighting ...)

THE RELATIVE IMPORTANCE OF VARIOUS MOTIVATORS

The results were analyzed by calculating the arithmetic mean score on a scale from 1 to 10 for each form of motivating the observed charge of the company. The highest level of importance the respondents generally are attributed to a motivator,

"Salaries of the work" but also a motivator "Internal Communication" (Figure 1). Employees of the organization attach the least importance to motivate the form of "not too stuck", i.e. weight, or the ease of operation. Particularly significant results are related to the character of the runner-up form of motivation. These are mean values assessment that are just behind the highest. As can be seen, with the rank of the second motivator is "Pensions and security for old age," that is a form of social motivation. From these results we conclude that the forms of material to motivate the dominant or most important forms of social ego and motivation are also important because they do not lag much behind the motivating financial rewards.

SATISFACTION REPRESENTATION OF DISPARATE MOTIVATORS

Results related to representation are analyzed by calculating the arithmetic mean score for each form of motivation based on a questionnaire. Employees are the most satisfied with the representation motivators "The opportunity to perfect", and the second highest level of satisfaction with motivator "Pensions and security for old age." Analysis of the results leads to the conclusion that the structure of representation of individual satisfaction motivators is significantly different from the structure of their importance. The main source of employee dissatisfaction are inadequate payment, poor communication and conditions for the execution of their tasks and that the main source of their stay in the company is social motivation.

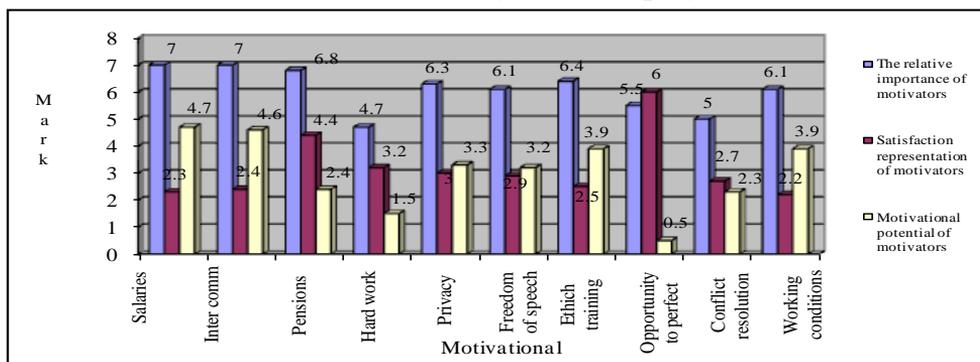


Figure 1: Average ratings for important motivators in the work of employees
 Source: Ilić et al. (2014)

MOTIVATIONAL POTENTIAL OF VARIOUS MOTIVATORS

The analysis of results from the two previous mentioned groups, is carried out and the third, which refers to the difference of importance and representation motivator. Mismatches between importance and representation of certain forms of motivation, teach us about the possibilities of improving motivation, i.e. the driving force of the certain human needs arising not only from its importance, but its degree of dissatisfaction (Maslow model).

Analysis of the results showed significant differences between the importance and presence in motivators related to salary and internal communication. Recommendation to the managers is that wage increases can impact on increasing the motivation of employees as well as increasing the efficiency of communication and clarity of content messages. However, the law follows the recommendations based on careful consideration of other matches, i.e. the analysis of the motivational potential motivators. Analysis indicated significant differences between importance and representation that are visible in the group of ego motivators ("Right to privacy", "The right to freedom of speech", "Ethics training and education" and "Working conditions"). A good manager would have to look at the importance of motivating ego motivation and that their presence is a great motivational value, i.e. do not require money that does not exist and can be run with just a little extra knowledge and awareness.

ANALYSIS OF A GIVEN SET OF PARAMETERS

The analysis estimated for the average score important motivator for the work of 20 employees in the companies M are discussed in terms of regression dependence of the relative importance of motivators (X_1) and satisfaction of representation motivators (X_2) as independent variables and the motivational potential of the motivators (Y) as the dependent variable and the following are assumed possible interactions (Ilić et al., 2014):

- The interaction of relative importance and satisfaction with the representation of a motivator that is marked X_1X_2 ;
- The relative importance of interaction and motivational potential motivators marked with X_1Y and
- Interaction and satisfaction in regard to the potential motivational motivator that is marked with X_2Y .

The model selected the three individual parameters X_1 , X_2 and Y to model multiple regression analysis and the interaction of these three parameters X_1X_2 , X_1Y and X_2Y is defined as partial correlation coefficients. The objective of multiple regression is to be based on the marked model variations and to make predicting dependent variable Y for different combinations of independent variables X_i .

MODEL OF MULTIPLE REGRESSION AND CORRELATION ANALYSIS

SELECTION OF POSSIBLE MATHEMATICAL MODEL

The mathematical model is a relationship that connects dependent variables (objective function) and independent variables (X_1, X_2). The shape of the objective function is not available in advance, and the approximate equation objective function (equation multiple regression) can assume the form of a polynomial known as quasi-linear model:

$$Y = b_0 + b_1 X_1 + b_2 X_2$$

In multiple regression equation (1) of unknown size are regression coefficients which are determined on the basis of the measured values of the objective function using the "method of least squares".

DETERMINATION OF THE REGRESSION COEFFICIENTS

Unknown values multiple regression coefficients are determined by the least squares method, i.e. the from the condition that the sum of squares of errors:

$$S = S(b_0, b_1, b_2) = \sum_{i=1}^N \varepsilon_i^2 = \sum_{i=1}^N (Y_i - \hat{Y})^2$$

$$S = \sum_{i=1}^N \varepsilon_i^2 = \sum_{i=1}^N [Y - (b_0 + b_1 x_1 + b_2 x_2)]^2$$

is minimized. The function $S = S(b_0, b_1, b_2, b_3, b_4, b_5)$ will have a minimum value only for those variables b_0, b_1 , and b_2 for which its partial derivatives equal to zero:

$$\frac{\partial S(b_0, b_1, b_2, b_3, b_4, b_5)}{\partial b_0} = 0$$

$$\frac{\partial S(b_0, b_1, b_2, b_3, b_4, b_5)}{\partial b_1} = 0$$

$$\frac{\partial S(b_0, b_1, b_2, b_3, b_4, b_5)}{\partial b_2} = 0$$

Where it receives a system of equations which consists of three equations with three unknowns, and this is a system of normal equations:

$$\begin{aligned}\sum y &= nb_0 + b_1 \sum x_1 + b_2 \sum x_2 \\ \sum x_1 y &= b_0 \sum x_1 + b_1 \sum x_1^2 + b_2 \sum x_1 x_2 \\ \sum x_2 y &= b_0 \sum x_2 + b_1 \sum x_1 x_2 + b_2 \sum x_2^2\end{aligned}$$

Solving the above system of normal equations or in abbreviated form:

$$X \cdot B = Y$$

The value of the regression coefficients are calculated from the equation:

$$B = X^{-1} \cdot Y,$$

for whose solution was applied statistical computer package "Statistical" version 8.0. Application of statistical computer package "Statistical" was the result of the following facts:

- It is a computer software package that has a very long tradition and is widely used both in academia and in commercial circles and is the standard in the field of social and technical sciences;
- The program is relatively simple to implement and requires a basic knowledge of work with the use of computer and easily be combined with the implementation of other software tools;
- Sample empirical values can be displayed graphically in three-dimensional coordinate system, and between these empirical points may be withdrawn infinite number of different levels.

The model is arranged so that the average values of the dependent variable for different combinations of independent variables, are at the level that has the smallest deviation in relation to all the empirical data (Figure 2):

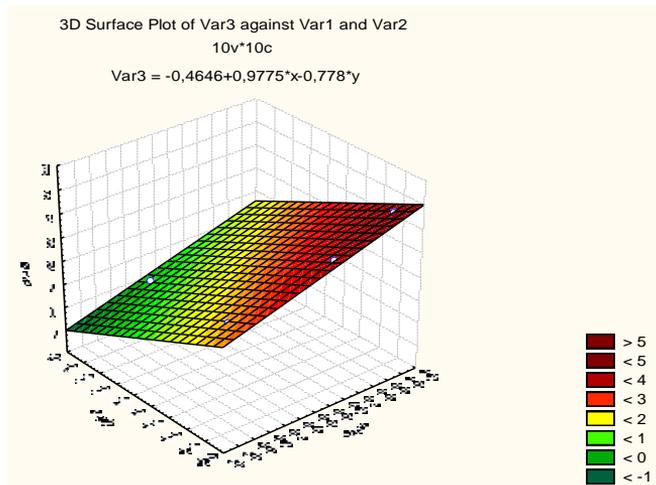


Figure 2: The dispersion of data around the regression level sample

Source: Ilić et al. (2014)

Estimated regression plane of the sample is:

$$\hat{Y}_i = -0.465 + 0.977 x_1 - 0.778 x_2$$

and lies between the points representing empirical data and samples from all the possible levels has the smallest sum of squares of the vertical deviations. Regression coefficients with a positive sign, the connection between the relevant variables is direct, while a negative sign reflects the inverse relationship.

The analysis of the estimated regression coefficients indicates that:

- $b_0 = -0.465$ shows that the zero level relative importance and satisfaction without the representation of a motivator motivational potential motivators on average decreases to 0.465 grade point average,
- $b_1 = 0.977$ indicates the assessment that the increase in the relative importance of a motivator for the assessment of motivational potential motivators on average increased by 0.977 average grade, with unchanged pleasure of representation and motivators
- $b_2 = -0.778$ indicates that we can expect to reduce the representation of pleasure motivators for one assessment of impact on average to decrease the motivation of potential motivators in the amount of 0.778 grade point average, provided that the relative importance of motivators are unchanged.

Testing the adequacy of the mathematical model is determined on the basis of analysis of variance techniques i.e. the ANOVA (Analistsis of Variance), which represents a basic statistical technique in the analysis of experimental data.

CHECKING THE MATHEMATICAL MODEL

In the literature ANOVA technique is known as "a dispersion analysis" and is used to test the null hypothesis the regression coefficients b_i . At the same time, the total variation of the dependent variable Y i.e. the sum of squared deviations from the mean, is separated into two components: one that stems from the regression and the other arising from the variation around the regression. The significance of the parameter i.e. the response to the null hypothesis on the parameter b is made via the F-test. If the F-relationship between the regression and variance around the regression is less than the critical valuable asset that was read from the table to the F-distribution, then there is no basis for rejecting the null hypothesis of parameter b i.e. it is considered to be analyzed is not a significant parameter.

Based on the calculated data obtained by ANOVA in Table 1. the critical value for F -relation is read from the table for the F distribution for significance threshold $\alpha = 0.05$ and the degrees of freedom (k - number of independent variables and n - the number of data) $v_1 = (k) = 2$, $v_2 = n - (k + 1) = 7$ and it is $F_{0,05,2,7} = 4.74$.

Table 1: Analysis of variance

Sources of variation	The degrees of freedom	The sum of squares	Rating variance	F-ratio of	F-critical
The value of regression	2	16.322	8.161	226.69	4.74
The value of residuals	7	0.255	0.036		
Total	9	16.542			

Source: Ilić et al. (2014)

The effect of regression testing hypotheses is examined:

$H_0: a = b_1 = b_2 = 0$ – there is no influence of regression ,

$H_1: \exists j(b_j \neq 0), j = 1, 2$ – there is the influence of regression.

Table value Fischer distribution for significance level $\alpha = 0.05$ is:
 $F_{\alpha, k, n-(k+1)} = F_{0,05,2,7} = 4.74$;

Calculated value F-test is greater than the value of the table so that it can be concluded that the null hypothesis is rejected, i.e. to accept the alternative hypothesis that there is the effect regression.

EXAMINATION OF THE SUITABILITY REGRESSION MODEL

Checking the suitability of the regression model is performed using the coefficient of determination. The coefficient of determination is calculated:

$$R^2 = \frac{\sum (\hat{Y}_i - \bar{Y})^2}{\sum (Y_i - \bar{Y})^2} = \frac{16.32}{16.54} = 0.987$$

So, 98.7% of the variability motivational potential motivators discussed common impact of the relative importance and satisfaction representation motivator. The rest 1.3% is the share of the unexplained variability and shows the influence of those factors that are not included in the model.

ASSESSING AND PREDICTING MOTIVATIONAL POTENTIAL MOTIVATORS

Rated regression equation correctly represents the empirical data (relatively high level coefficient multiple determination), and estimated parameters were statistically significant, the multiple regression model was used for valid assessment and prediction of the average value of individual motivational potential

motivators (dependent variable Y). For the selected value of the dependent variable $X_1 = x_{1p}$ and independent variable $X_2 = x_{2p}$ can be assessed average value of Y , $E(Y_p)$ and to predict individual value Y_p , simple replacement of selected value-rated independent variables in the regression equation:

$$\hat{Y}_p = -0.465 + 0.977 x_1 - 0.778 x_2$$

If you increase the average score of relatively important motivator to 7.5 ($x_{1p}=7.5$) and satisfaction of representation motivator to 4.5 ($x_{2p}=4.5$), replacing the selected value in the regression equation estimated level of the sample is given by:

$$\hat{Y}_p = -0.465 + 0.977 \cdot 7.5 - 0.778 \cdot 4.5 = 3.365$$

Analysis of the results indicates that when staff with an average score of 7.5 the importance of motivating and relatively satisfactory representation motivator of 4.5, the average score for motivational potential the average is 3.365. Is the obtained value valid? The answer to the question we ask comparative analysis of the obtained results with empirical values of variables (Figure 1), where the estimated value fits. Average score for the relative importance of employee motivators of 6.09 and satisfactory representation motivator 3.16 - motivational potential motivator is 3.03. What is the degree of variation of linear agreement between the dependent variable Y and independent variables X_1 and X_2 is determined by multiple linear correlation coefficient.

THE COEFFICIENT OF MULTIPLE LINEAR CORRELATION

The value of the coefficient of multiple linear correlation r indicates the strength of linear relationships and is equal to the positive square root of the coefficient of multiple determination R^2 .

$$r = \sqrt{R^2} = \sqrt{0,987} = 0.993$$

$$0 \leq r \leq 1$$

This means that in the sample there is a high degree of linear relationship between the motivational potential motivators, on the one hand, and the relative importance and satisfaction with the representation of motivators, on the other hand.

PARTIAL CORRELATION COEFFICIENTS

The interaction parameters X_1X_2 , X_1Y i X_2Y , which exist in terms of examining through partial correlations coefficients, whose value is: $0 \leq r \leq 1$. If the value of the unit closer, correlation is strong, if it goes towards 0, it is weak. The relationship between the relative importance of motivators and motivational potential motivators value is: $r_{x,y} = 0.74$ and to the mean volume correlations. The value that shows absolutely a strong correlation between the relative importance of motivators and motivational potential motivators, provided that we consider the

satisfaction is a constant motivator: $r_{x_1y/x_2} = 0.987$. The other partial correlation coefficients are negative, and in this paper is not considered: $r_{x_1x_2} = -0.24$; $r_{x_2y} = -0.82$; $r_{x_2y/x_1} = -0.998$.

DISCUSSION OF RESULTS

The analysis of the results of the regression model of dependence and correlation analysis motivators can be seen as the following:

- Greater relative importance of motivators directly affects more motivational potential motivator of employees;
- An even better representation motivator in business with the employees affected by the reduction of the impact of the existing motivational potential motivators and search new that would encourage greater productivity and creativity in business and
- Analysis of the adequacy of the regressive model predictions and possible impact of the application of a motivator to justify the design of these models in the process of leadership.

CONCLUSION

The actual results of the organization of human resources, in addition to competence management, are seen through the level of communication and motivational strength potential. Personnel management involves close relationship with goals and strategies. One of the core strengths of investing in the development of employee performance because knowledge is the basis for achieving core competencies. In times of constant change it is extremely difficult to find professional, highly engaged and motivated staff.

Creating and developing codes of ethics require training of employees. Sending messages with the information is not enough anymore. Training and continuous learning are the ways to incitement goals. Although there are different desires and needs of employees, managers need to recognize and satisfy them.

Transfer of knowledge is a huge impact on development organizations to speed and volume growth. It helps to develop core competencies and is subject to research and development as one of the most important routes to the greater innovation and creativity of human resources.

The development of telecommunications and Internet usage have led to more efficient collection, storage and analysis of data and information. E-business is becoming dominant compared to the traditional way of doing business and knowledge and continuous training are a key of competitive advantage. In the present times are particularly reflected through the use of Cloud Computing. When the firms use cloud correctly and efficiently in a business they can not only increase profits for a company by allowing fewer employees to work remotely, they can also increase the productivity of a company (Ilić et al., 2014).

Business intelligence provides significant opportunities for the successful management of companies. Through raising ethics, improving communication and primarily focusing on human resources, it is unequivocally clear that it can achieve better business results, visible through increased productivity, efficiency and effectiveness.

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ENTERPRISE INNOVATION IMPACT ON EMPLOYEE PERMORMANCE AND SATISFACTION²⁰

Valeria Vitanova²¹

Ramiro Gomez²²

ABSTRACT

This article aims to present the results of the implementation of Kaizen and Six sigma trainings in a foreign company who operates successfully in the Bulgarian Labor market. The purpose of the study is to find out what exactly are the consequences after that these innovative practices has been introduced at all hierarchical levels of the organization. The expected result is to benefit the development of the psychological capital in the organization and the growth of the company which is trying to strengthen its position as a leader in the competitive field of the Business Process Outsourcing companies, where the process of hiring and retention of personnel with good competencies is a big challenge. The instrument used for the Kaizen culture adoption in the company was the Kaizen roadmap created after the process of analysis and prioritizing the needs of the company's clients on one side and the employees of the company on the other side.

Keywords: *Innovation, Kaizen, Six Sigma, Employee Satisfaction, Employee Performance*

JEL Classification: *O31, J28*

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INTRODUCTION

In today's world of business enterprises, innovation is one of the priority and leading activities to develop because these kind of activities ensure the competitiveness and long life of organizations in the dynamic and rapidly changing market. There is no doubt about the importance of the innovation process in the organization, all the business managers are agree about that statement. What usually is the point of disagreement is in what consist the innovation. If we look in the Oxford dictionary the definition is: "Make changes in something established, especially by introducing new methods, ideas, or products". Other definitions of innovation are: "The application of ideas that are novel and useful. Creativity, the ability to generate novel and useful ideas, is the seed of innovation but unless it's applied and scaled it's still just an idea"(Burkus, 2016); " innovation is about staying relevant. We are in a time of unprecedented change. As a result, what may have helped an organization be successful in the past could potentially be the cause of her failure in the future. Companies need to adapt and evolve to meet the ever changing needs of their constituents" (Shapiro, 2011); "the introduction of new products and services that add value to the organization" (McFarthing, 2015); "innovation needs to be defined and agreed upon in each organization, making sure it is strategically and everybody is aligned. Without it, misalignment results in less than optimal focus and results. As long as it includes "new" and it addresses customer needs and wants, any variation goes" (Brands, 2010).

The optimal functioning of an organization implies compliance with clearly defined management principles of the relevant performance criteria, precise rules for interaction between individuals, etc. Important role for the success and constant development of the organizations is the employee job satisfaction. The concept of job satisfaction has been developed by different researchers. Locke defines that job satisfaction is: "a pleasurable or positive emotional state resulting from the appraisal of one's job or job experiences" (Locke, 1976, p.1304). Locke says that satisfaction is determinate by a discrepancy between what employee wants in a job and what employee has in a job"(Locke, 1976). Hulin and Judge think that job satisfaction includes multidimensional psychological responses to an individual's job, and these personal responses have cognitive, affective and behavioral components (Hulin, Judge, 2003).

There are several key factors that lead to job satisfaction:

- Work which poses/provides a challenge to the intelligence of the workers, which allows them to use their skills and abilities and offers a variety of tasks, freedom and feedback about the performance. With moderate level of challenge most of the workers feel job satisfaction
- Employees expect well defined system of payment and possibility for growth which they perceive as fair according to their expectations
- Supporting working conditions- workers appreciate working environment both in terms of personal comfort and the facilities allowing to work better

- Collegial support- for most workers labor is not only a means to make money, but a process that meets their needs for social contacts. Friendly and supportive behavior from the part of colleagues and boss increase job satisfaction
- The correlation between personality of the employees and their job- if the job fits the personal characteristics of workers, they have the opportunity to develop their talents and abilities and this leads to higher job satisfaction (Naumov, 2004).

The process of recruitment and retention of the personnel is crucial for the productivity of the organization. Employees that are satisfied of their job are more productive. That means that firms should look for and hire employees who are suitable for the specific job and position in the organization. After the successful selection of employees the enterprise has another challenge - to maintain the interest and devotion of the employees for their job, or in other words to achieve employees job satisfaction. This difficult process could be accomplish by giving to the employees the possibility to participate proactively in the work life not only by performing/ executing their tasks but also by giving and implementing their own ideas about the work process. The Kaizen and Six Sigma trainings could be very suitable and to serve as an interface between innovation processes in the organization and its desire to maintain and rise the job satisfaction in their employees. The choice of these two training programs is not random. The successful application of Kaizen and Six Sigma will give to the enterprise the instrument to achieve and increase job satisfaction because their basic principles correspond to some of the main and most important factors for job satisfaction of the workers – to provide a challenge to the intelligence of the workers and correlation between personality of the employees and their job (Kaizen); supporting working conditions (Six Sigma).

KAIZEN CONCEPT

Kaizen is a Japanese philosophy for process improvement that can be traced to the meaning of the Japanese words ‘Kai’ and ‘Zen’, which translate roughly into ‘to break apart and investigate’ and ‘to improve upon the existing situation’(www.kaizen-institute.com). The Kaizen Institute defines Kaizen as the Japanese term for continuous improvement. This improvement involves everyone in the organization from top management, to managers then to supervisors, and to workers. Improvement begins with the admission that every organization has problems, which provide opportunities for change. The essence of Kaizen is that the people that perform a certain task are the most knowledgeable about that task; consequently, by involving them and showing confidence in their capabilities, ownership of the process is raised to its highest level (Kobayashi, 1990). The team effort encourages innovation and change and, by giving an opportunity to the employees of all organizational level to participate, the imaginary organizational hierarchy disappear creating instead productive improvements.

In his book James Womack says that with Kaizen, the job of improvement is never finished and the status quo is always challenged (Womack, 1991). Rather than identifying employees as the problem, Kaizen emphasizes that the process is the target and employees can provide improvements by understanding how their jobs fit into the process and changing it.

Imai defined three basic elements of the Kaizen concept: housekeeping/visual management; waste elimination/the role of the supervisor and standardization/ the importance of training and creating a learning organization (Imai, 1986). The first element - housekeeping is a process of managing the work place for improvement purposes. The 5S methodology is used to explain the activities of the housekeeping (Figure 1). As some of the benefits of employees of practicing the five S could be referred to as follows: creates cleanliness, sanitary, pleasant, and safe working environments; it revitalizes the work place and greatly improves employee morale and motivation; it eliminates various kinds of waste by minimizing the need to search for tools, making the operators' jobs easier, reducing physically strenuous work, and freeing up space; it creates a sense of belonging and love for the place of work for the employees (Imai, 1997).



Figure 1: The 5S model

Source: Imai, 1997, pp.65-72, Concentrix 2016

The second element is the waste elimination. In Kaizen philosophy, the aim is to eliminate the seven types of waste caused by overproduction, waiting, transportation, unnecessary stock, over processing, motion, and a defective part. The third element of the Kaizen model is standardization. Standards are implemented by the management, but they must be able to change when the environment changes. Companies can achieve dramatic improvement as reviewing the standards periodically, collecting and analysing data on defects, and encouraging teams to conduct problem-solving activities.

Kaizen practices improve the status quo by bringing added value to it. Kaizen does not replace innovation. Innovation and Kaizen practices are complementary. After Kaizen has been used for a long period, innovation should take a place, and

Kaizen should follow as soon as innovation is implemented. Kaizen will support the improvement of existing activities, but it will not provide the expected big step forward (Cane, 1996).

Kaizen and rewards and recognition

Corporate culture has several essential components — corporate values, leadership, and the reward and recognition structure of the organization (Knouse, 1996). The reward system reflects the corporate philosophy. Promotion and rewards reinforces employee commitment to corporate values and to the corporate culture. Employees will have higher motivation if they work in organizations that are consistent in their rewards and recognition process and the workers will perceive management initiative as a fair effort by management. This will extend the feeling of trust, and create a strong sense of belonging in the organization. The Kaizen practitioners think that recognition should not be of high monetary value. Kaizen practices can deliver breakthrough improvements in the range of 40-60%.

SIX SIGMA CONCEPT

The most common model used by Six Sigma professionals is the DMAIC model. This stands for define, measure, analyse, improve and control. Each phase has a significant purpose and the results will be faulty if each one is not done thoroughly by trained and certified Six Sigma professionals. Often organization choose to bring in consultants who are experts in the area. These consultants give a new perspective, analysing the work situation in the company from the position of impartial and analytical observer that gives them the advantage to see elements of the dynamic of work process, relation and behavior between the employees which are very difficult to be detect and understand from the employees that are participating in these relations. Other firms send their own employees to be trained in Six Sigma because they think that people that are part of the operation who's needed to be improved can focus and take from that training the most valuable and effective tools and practices suitable for the company and useful for the problems to be solved.

No matter which of these two options choose the organization, the first step of the Six Sigma training should be to analyze and find out the roots of the problems. Six Sigma is a business management program that helps companies recover from financial and organizational losses by pinpointing defects and rectifying them. In order to accurately implement the business management program, there are individuals ranked at certain levels of Six Sigma Certification. There are three main levels of study, or 'Belts' within the Six Sigma business management and quality theory. These trained and certified professionals work together within this hierarchy to raise quality levels and decrease expense within organizations or corporations.

It is important to understand the meaning of Six Sigma before that people learn about the 'belts'. Six Sigma is a business process that many manufacturers are beginning to implement in order to improve their quality processes. Companies began implementing these types of processes as a result of spaces being reduced and funding being cut for inventory and processing purposes within the business

structure in an effort to improve delivery as well as quality. There are different levels of Training and Certification; Yellow Belts, Green Belts, Black Belts, and Master Black Belts.

All of the Belts in the Six Sigma hierarchy play different roles in the Six Sigma projects. Six Sigma Green Belts and Six Sigma Black Belts have the duties of commencing and expanding projects they are working on, but Black Belts are the leaders of the two. The Six Sigma Belts (Yellow, Green, Black, and Master Black) denote the different levels an individual can achieve in Six Sigma

While Six Sigma black belt training focuses on DFSS, green belt training emphasizes DMAIC, or the define, measure, analyse, improve and control aspect of the methodology. Individuals completing a green belt training program will be skilled adopting the role of a trained team member operating within a defined area and level of the organization (<http://www.sixsigmaonline.org>).

Too often when reading company case studies and books about Lean Six Sigma there is an important element that is either totally ignored or glossed over- psychology. Mike Rother's book is an insightful study into what makes Toyota a successful company from a psychological perspective (Rother, 2010). While Lean management techniques and Six Sigma solutions can solve many of the basic problems encountered in any organization, there is a limit to what can be improved upon and fixed. This happens because every organization is composed not of machines but of people. The habits, thoughts and attitudes of employees can directly derail the best Lean plans and practices. Mike Rother's book is exceptional in that it provides the reader with an depth study of the *kata*, or daily habits, processes and attitudes that are embraced and taught to all the employees at Toyota. *Toyota Kata* delves into exactly what creates a winning company culture at Toyota. This is even more striking because Toyota is often criticized as a company that is over mechanized and tool focused. For Rother the basic of kata is practical application for scientific thinking for pursuing challenging goals and enabling teams to make decisions more autonomously and maneuver situationally.

The big question is if these two widely applied trainings Kaizen and Six Sigma (in Japan and USA) could be applied and work properly in the Bulgarian market in to develop the competitiveness of the organizations and also to develop the psychological capital in the companies?

CASE STUDY

KAIZEN & INNOVATION CULTURE ADOPTION AND ROADMAP

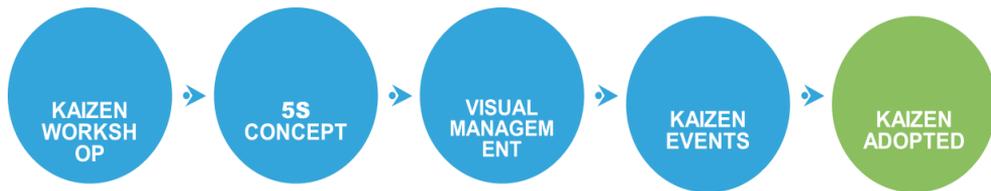


Figure 2: Kaizen roadmap

Source: Concentrix, 2016

In today's business world and specially in the BPO (Business Process Outsourcing) sector it is really important to show to your clients what it can be done extra as an additional plus to keep or win a contract for your company, almost all companies can offer the same to each client and it is on the aggregated value when one company can make the difference from another one. This study was based on one of the accounts the company Concentrix Inc. has. The study explain how based on implementing innovation courses and initiatives the enterprise improved the value add given to their client, incremented the employee satisfaction, metrics, attrition and also improve their Head count as the company expanded because of their achievements.

In every account or organization, managers come to a point where all metrics even the business get stagnant and they have to start to look for solutions on how to improve or deliver their work in a different way. It is extremely important in today's business world where things change from one day to the other due to technology, to have a very open mind and also think most of the time on how to do things better, ideas coming from every level of the organization have to be discuss and implement if the case and it is the senior management the key to get on this direction. No matter if the company provides services to clients or businesses, innovation is a key element to give this value add to enterprise's customers and partners.

This case study was based on 6 topics that will be disclosed below one by one in order to understand the full implementation of a Kaizen & Innovation program in a company starting for finding the resources to also cascade it to other accounts/departments in the organization. Following this idea, the managers in the firm continue with the 6 main pillars that are helping to develope commpany's innovation program within Concentrix Bulgaria Organization:

FINDING THE RIGHT RESOURCES

It is a key element for a Senior Manager within an organization to overseen all his team and the people that it is working close to her/him, this enables them to go

and get the right resources that will be able to achieve certain goals/initiatives. For innovation it is the same and the main pillar in order to get this on track was to find the right person to implement and developed the idea tailoring it to company's client and the team.

Creative and curious persons are the right candidates in order to start developing the whole idea of having an innovation program running in the account and the way managers found out was reviewing all team curriculums and also by having meetings face to face which each single individual from the management (Team Leaders, Quality Analyst, Subject Matter Expert & Project Managers). This gave to the managers a full picture of what did they have in the team led them to find the right candidate a person that has already been certified for Six Sigma black belt and also has a deep knowledge on the client processes as well as their weakness and strengths.

Being certify or having the knowledge does not mean that the person can be the right Point Of Contact for an account/department/ in order to spread his knowledge related to innovation across the team, however, in this case the person in questions was eager to spread his knowledge and experience among the team members and colleagues, this individual has a passion for it and was looking for an opportunity to develop in this area. At the same time, managers had also identify two more persons that will work alongside team innovation lead in order to support courses and ideas and anything need it.

DESIGNING THE PROGRAM

After the task group was created, all the team started to brainstorm the best way to developed the program within the account, the main conclusion was to have the program spread all over the account from agents to management. This is a critical element as resources will be need as well as time that will be spend during working hours from the team members in order to be train on the different methodologies that wanted to be implemented. Convincing the client in order to release the employees was the main topic and this was driven in the way of showing them the benefits in the short and long term of having such a program implemented, as well as to guarantee them that any change to process or way of working will be discuss and get approve by them previous of their implementation.

Having the client sorted out the team has started to plan what methodology will be used in order to give a start to the program and it was decided to be Kaizen workshops. This consist on one full educational day given to all employees to attend the workshop and understand since the beginning the main essence of innovations and giving them the tools and mentoring in order to develop their ideas. The second stage of the program design was to get the ideas coming from all resources, implementing them through Kaizen events (5 days door closed activity) and also if the financial impact was considerable to start developing Six Sigma green & black belts projects if the case. As it was explained at the beginning, ideas that will have an important financial impact on the client business will be

developed not as a Kaizen only but as a Six Sigma green or black belt depending on how much revenue/savings will generate for the company.

Another important topic was to involve the organization at their Learning & Development department and ask for funding in order to start certifying individuals on Six Sigma yellow belt as well as to get the funding for the Kaizen workshops & Events. It is also required to have a structure visible to all members in which they will know who to contact in case they need assistance on HR, Financial or any other matter that their project might involve.

All members that were supposed to attend the event as well as to start developing projects after were given a clear path on who to communicate with in order to take their projects to the next stage. Involving regular agents with parts of all cross functional team across the organization will give them a more broaden overview of what the company does as well as to find more fields to improve ways to work within the company no matter which department/account they do work for

PROGRAM ROLLOUT

Kaizen Workshops were schedule to the whole agent population as well as management team in the account which is around 170 people, they were given an educational day and it was mandatory to attend. Mandatory might sound as a strong word not related at all with innovation as this most implies freedom to think. However, the mandatory of the course was giving due to the resistance for most of the people to attend and their lack of believe that innovation was important and their ideas can be heard by the management or any other cross functional team in the company.

The level of disbelief among all the account was on a greater number and it was to the person delivering the training to convenience them that this can be a good thing and beneficial for both the agent and the company. Coming back to point number two where it was mention the importance of the level of engagement of the innovation lead and not only this but also his willingness to spread knowledge among colleagues as well as giving that person the right support in order to be able to do that. A key element on the workshop was to touch and plant the seed of curiosity on as most people as they could. Innovation and ideas does not come from one moment to another but to continuously think on how to improve the working life they do have around them.

The goal for the program was to have 100% of all members in the account to have passed the Kaizen Workshop, in the roadmap this is supposed to be achieve within two fiscal quarters (3 months each) and also design follow up sessions every two months for agents that joined the team on a later stage (Figure 2).

Along with Kaizen workshops rollout it was also established that individual that developed ideas which real financial impact (more than 100.000 USD in generated revenue/cost savings for the company) will go for Six Sigma green & black belt courses and tutoring. It was also agree to increment the number of

people that have attend the yellow belt courses for Six Sigma and also the company to cover all cost related to this.

DEVELOPING IDEAS

After the Workshop was cascade to the whole agent population & Management team, it was decided to have a more in deep session with some of the agents that showed more progress/initiative during the first session. This batch of 10 people are called mentors, they were given more information on how to look for ideas among their colleagues, help them develop it and act as a main point of contact for any questions related to this within their teams.

Mentors are taking ideas from anyone on the floor related to any topic starting from reporting, scheduling, metrics, process etc. these ideas are discussed with the innovation lead as well as the management in order to assess the full impact, whether if it is feasible to do it or not, if this will be a Kaizen event or a more advance Six sigma project which will require more time to be develop.

Mentors work alongside Managers and Project managers in order to find the best way to deploy the ideas that comes from anybody else within the account. This task force gave a real extra plus in order for the ideas to be funnel and with the involvement of many parts of the team in the decision making process, get the best of them and start deploying in them.

IMPLEMENTING IDEAS

After evaluating the impact and feasibility of the ideas given by the team with company's client as well as with the company the innovation lead alongside with the management, after carefully measuring the risk as well as the possible turnover decide to either go for either one of the methodologies used, either Kaizen or Six Sigma.

For Concentrix 8 Kaizen project the implementation was within two to three weeks as there was a very straight forward process that need to be change or small improvements on some of the reporting part the managers have for the account. Six Sigma, as contrary, is running with more times as the changes that need to be done have a financial impact that has to be measure and cross functional teams from the client and across the organization had to be involve in order to get to the result that managers want.

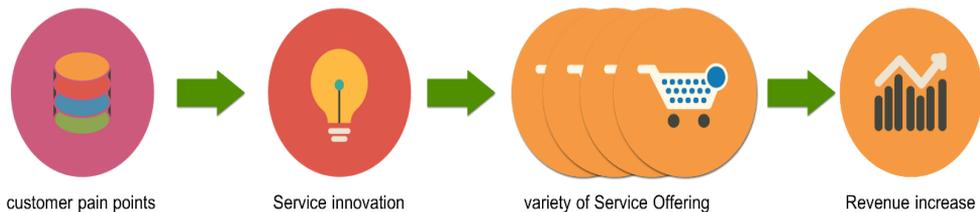
Currently there are two Six Sigma projects running, one is supposed to be green belt on intelligent re-routing of cases and the other one is how to improve the acceptance of sales qualified leads done by Concentrix pre-sales team which is black belt due to the financial impact that it might have at the end. Concentrix had also a Black Belt project on export holds done by the company innovation guru, this lead the enterprise to close the waiting time for an export hold on products be released from 120 days approx. to 40-50 days. Financial savings were around 25.000.000 USD.

Concentrix had also started a Kaizen project related to improve quality of the candidates that are being hired by the company. This project has turned out as well into another Six Sigma as the company improve the hiring and retention of employees in the first 6 months which gives the firm a turn-around savings of roughly USD 300.000 for any single fiscal year (Figure 3).

IMPLEMENTING THE PROGRAM ACROSS THE ORGANIZATION

Success on innovation programs in the Business Process Outsourcing sector is granted given the amount of ideas that managers and employees have provide to the company clients in order to improve their processes, metrics, tools, reporting and also the willingness from the client itself to change. In the case of this account (given the luck that the client is an IT company) both have been achieved with good numbers and also the company has a client which also likes the innovation part.

The success gave the opportunity for the program to start to be developed in different regions (US/Canada, Latinamerica & Asia Pacific region as well) for the same client, standardization of the innovation program was implemented giving the Bulgarian team as the innovation hub for any ideas that come across the other 6 centers that the company has from the same client across the globe. It was also requested to start implementing the same for other clients that Concentrix have in Bulgaria.



*Figure 3: Kaizen Methodology
Source: Concentrix, 2016*

CONCLUSION

Innovation as a whole improved metrics, processes and the way people work within the account itself. People feel more motivated and engage with their current job as they know their ideas can be listed and that the company has given them the tools in order to developed them. Coming back to the first paragraph, this is a key change element in the way managers can psychologically motivate people on today's work environment, they have to be empower and feel by first hand that with the rights tools and thinking their ideas can get spread across the organization and also they will get recognition for it.

For any organization it can be say that it is important the well-being of their employees and that anything that will impact their engagement performance in a good way will also help the company at the end. Implementing innovation

programs in companies is a key element for success because it will help the firm improve the retention of the people as they feel valuable and recognized, but also ideas can come that will keep their clients engaged and eager to give more businesses to them. Change and improvement are both words that generate fear and defensive behavior into employees when they are not being explained in the right way and also where the path to them has not been clarified. But it results that by having innovation programs, the enterprise and managers are giving employees the tools to work towards, they also improve personnel way of thinking, work performance and their lives in general.

The implementation of these two training programs (Kaizen and Six Sigma) in Concentrix Inc Bulgaria could be qualified as successful because the real results for the company were the increase of the incomes on one side and on the other side the percentage of employees leaving the company due to low motivation was considerably reduced. It is important to share the results of this process showing the roadmap and explaining how these two models were put into the company practice because the results show that the training programs which are already popular in Japan and America are convenient for the Bulgarian Labor market as well. Kaizen and Six sigma as a good practices could be appropriate and should be adopted by some of the others enterprises specialized in Business Process Outsourcing that struggle with attrition and low motivation of their employees in order to improve the firm metrics and the well-being of their employees.

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INDIVIDUAL AND ORGANIZATIONAL DIFFERENCES IN COUNTER-PRODUCTIVE WORK BEHAVIORS

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ABSTRACT

The paper presented two studies on Counter-productive work behavior (CWB) described typically as intentional behavior that harms the organization or its members, as work place deviance, etc. Study 1 focused on age, gender and organizational (e.g. type, size, climate) differences in CWB based on 255 employees from different Bulgarian organizations. Study 2 trace out age, gender and personality differences in CWB based on smaller sample (N=73) employees aged from 25 to 55 years old. First, results presented significant individual differences as men were more ready to engage in almost all measured dimensions of CWB (withdrawal, sabotage, organizational damage, and verbal aggression) Also, age differences as 30-39 old in the Study 1 and 30-55 old in Study 2 represent a greater willingness for violation of the organizational rules. Among the personality traits as the most significant factor of CWB stood out the introversion, especially in relation to antisocial behavior and verbal aggression, and to a lesser extent in terms of withdrawal. Second, the size and type of organization has no influence on the engagement with CWB but organizational climate has, as clarity of organizational goals and formalizations has significant but little impact on the complaints of the employees. Also, the increased organizational requirements for efforts or increasing organizational rules and procedures lead to the expression of discontent through insults and mockery (verbal aggression). Further, the organizational climate has a significant but little impact on withdrawal, as the ambiguity for the organizational goals and the lack of understanding and cooperation by managers affects absenteeism and delays to work.

Key words: *Counter-Productive Work Behavior, Organizational Climate, Personality, Age And Gender Differences*

JEL Classification: *J20, J24, M55*

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INTRODUCTION

In the last years business is global, technical and fast-moving. Society is changing and, with it, old loyalties and forms of behavior. We have political and economic changes, and a rise in corruption and opportunistic crime. High levels of unemployment influence people to behave badly. Managers have to recruit, select and engage employees and set up policies and procedures that ensure efficient, effective and flexible working. And all this in an economic climate that is demanding and unpredictable, and where staff have ever-increasing demands and rights. Cyber-crime, shrinkage and fraud are on the increase – most of it conducted by people being paid by the company. Despite of all modern surveillance cameras, knowledge of desirable management techniques and practices, there is abundant evidence of the steady increase in counter-productive work behaviors (CWBs) (Furnham, Taylor, 2011).

Counter-productive work behaviours (CWBs): Definitions and clarifications

As Robinson and Greenberg (1999) stated in its review of the literature there are many definitions of CWBs. In reference sources CWBs have been described as destructive and dangerous behaviour (Murphy, 1993), as workplace deviance (Robinson, Bennett, 1995), antisocial behaviour (Giacalone et al., 1997), etc. Martinko et al. (2002) described CWBs as those “characterized by a disregard for societal and organizational rules and values; actions that threaten the well-being of an organization and its members and break implicit and explicit rules about appropriate, civil and respectful behaviour”. In the latter definition, such as Chang и Smithikrai (2010) CWB was described as voluntary or intentional behaviour that works against the interests of the organization; further as intentional behaviour that harms the organization or its members (O’Boyle Jr., 2010).

Robinson, Bennett (1995) put attention on workplace deviance defined as voluntary behaviour that violates significant organizational norms and, in so doing, threatens the well-being of the organization or its members, or both. Workplace deviance refers to voluntary behaviour in that employees either lack motivation to conform to, and/or become motivated to violate, normative expectations of the social context (Kaplan, 1975). Organizational norms consist of basic moral standards as well as other traditional community standards, including those prescribed by formal and informal organizational policies, rules, and procedures (Feldman, 1984). Research suggests a wide range of reasons why employees engage in deviant behaviour (Bennett, 1998a, 1998b; Robinson, Bennett, 1997; Robinson, Greenberg, 1999) ranging from reactions to perceived injustice, dissatisfaction, role modelling, and thrill-seeking. Robinson and Bennett (1995, 1997) argued that an important distinction between types of deviance was whether the deviance was directed or targeted at either the organization (organizational deviance) or at members of the organization (interpersonal deviance). They also noted that deviance may vary along a continuum of severity, from minor forms of deviance to more serious forms. Serious and minor deviant behaviours would not, by themselves, reflect two different types of deviance. Thus, for example, both

spreading rumours and physical violence would fall into the interpersonal deviance family, just as both sabotaging equipment and littering one's work environment would fall into the organizational deviance family.

COUNTER-PRODUCTIVE WORK BEHAVIOURS (CWBS): FORMS AND SOURCE OF THE CAUSE

The list of anti-social, deviant and destructive behaviours at work is long: absenteeism, accidents, bullying, corruption, fraud, disciplinary problems, drug and alcohol abuse, sabotage, sexual harassment, tardiness, theft, whistle-blowing, white-collar crime and violence are typical examples. Some are relatively trivial (occasional absenteeism, tardiness); others have much greater impact (fraud, theft, sabotage). In the US and in many academic institutions, the term "CWB" is used to cover the whole range of employee acts which have a negative effect in the workplace (Furnham, Taylor, 2011, p.12).

Although there are some overlaps between the types of CWBs, they are separated into several dimensions (Pearson et al., 2005): 1) Intension to damage/harm (which do not exist, do exist or is ambiguity); 2) Object (which can be person, organization or both); 3) Types of violated rules (of society, of organization, of working team, or other); 4) Persistency of the actions (single act or repetitive acts in time); 5) Intensity and depth behavior.

Further Spector and colleagues (2006) classified CWBs in five dimensions and explained every one of them:

1. Violence: Includes harmful behavior toward colleagues or others, which hurts people on physical or psychological level by threats, insults, neglecting human personality, or underestimation of ones capability to work effectively.

2. Work deviance: This is failure to do your duties, by the manner they are expected to be carried out with set purpose.

3. Sabotage: This is erasure or damaging of the physical property of the employer; wasting materials and actives on purpose or keeping your workplace dirty on purpose.

4. Theft: Taking something which belongs to the employer, or slowing the working process to gain more paid time.

5. Withdrawal: This is type of behavior, which reduces the amount of working time to little than it is allowed by the rules of the organization. It includes absences, coming late to work or early leaving job, or taking longer breaks than it is allowed.

CWB of the employees consist large types of behaviors, which can be classified by the deviation of the behavior or its severity. In addition to the traditional types of CWB, latest studies include new types of behavior deviation of employees like surfing in the cyber space. With the development and expand of Internet in the workplace, this behavior is very common in nowadays.

The CWB is not necessarily malicious, but it is always conscious - it does not include accidental or unintentional behavior. The driving forces behind CWB can be very broad and include reasons related to the organizational environment, lack of training, personality specifics of the employee; changes in life and external factors. In his book *Bad apples* Furnham & Taylor pointed out three major sources of the cause of bad behavior at work: intra- personal (i.e., bad people), inter-personal (bad groups and bad management) and organizational (how organizations are structured) (Furnham, Taylor, 2011, p.1). They also suggested two rather different kinds of “dark side” behavior at work: 1) inter-personal deviance (targeted at individuals to include gossip, theft from co-workers, violence); 2) organizational deviance (targeted towards the organization to include arson, whistle-blowing). Furnham, Taylor (2011) proposed distinctions between “property deviance” and “production deviance”, as other writers have added “political deviance” and “personal aggression”.

INDIVIDUAL DIFFERENCES IN COUNTER-PRODUCTIVE WORK BEHAVIOURS (CWBS)

As we have already mentioned, different factors can lead to CWB such as individual factors (e.g. gender, age, personality traits) and organizational factors (e.g. remuneration, organizational climate). Spector and Fox (2005) specify that CWB is result of the interaction between personality and organizational stressors. For instance, individual differences like personality type and organizational stressor as unjustified distribution of salaries can lead to a possible CWB. Also, men are more inclined to CWBs such as alcohol abuse and violence, and younger employees are more inclined to thefts than the older ones.

Martinko et al. (2002) reviewed over 20 relevant studies that looked at individual difference variables and situational variables that seemed to relate to CWBs (Martinko et al., 2002). Individual differences included personality (e.g. neuroticism, Machiavellianism), demography (age, sex), morality (integrity), organizational experience (tenure, commitment) and self-perceptions (self-esteem, self-concept). The situational or organizational variables included organizational policies, practices, norms, rules, resource scarcity, job autonomy and appraisals.

Martinko et al. (2002) describe in detail six individual difference factors they believe to be heavily implicated in CWBs:

1. Gender: Overwhelmingly, CWBs are more likely to be the province of males, because they make more aggressive attributions and tend to be more self-serving by blaming others for their failure.
2. Locus of control: Those who are fatalistic, believing their lives are determined by chance or powerful others, compared with instrumentalists, who believe they control their own life outcomes, are more likely to commit CWBs.
3. Attribution/ explanation style: Those with hostile and pessimistic attribution styles – in other words, those who attribute personal failure

either to external, stable and intentional causes or internal, stable and global causes tend to cause more CWBs. In other words, how people characteristically describe their own success and failure is a good predictor of their likelihood to become involved in CWBs.

4. Core self-evaluations: These are fundamental beliefs about self and are similar to self-esteem. Hardy, stable, “can do” people are less likely to feel victims or experience organizational paranoia and less likely to be involved in CWBs.
5. Integrity: People with integrity tend to be agreeable, conscientious, emotionally stable and reliable. They are clearly less likely to get involved in CWBs.
6. Neuroticism (negative affectivity): This refers to the extent to which individuals experience anger, anxiety, fear and hostility. Stable individuals.

Many studies are focused on CWB and personality traits, measured by Big Five dimensions: Neuroticism (capability of someone to control his mood and emotions), Extraversion (the desire of someone to take part in social relations), Openness to experience (the capability to accept new ideas and new experiences), Agreeableness (the ability to understand and empathizes other people) and Conscientiousness (ability related to self-control, planning and organizing) (Spector, Fox, 2005). According to meta-analyses the most reliable predictors of CWB are Agreeableness and Conscientiousness (Berry, Sackett, 2007). The employee high on Conscientiousness are with higher productivity; they exceed the requirements and avoid CWBs (Salgado, 2002). Other studies also show the negative correlation between Conscientiousness and CWB (O’Neill et al., 2011). In the same way people who are agreeable are cooperative and interested in other people, as the studies show negative correlation between agreeableness and CWB (Bolton et al., 2010). People high on Extraversion are considered to be more active, positive and less angry, and probably would have low rates of CWB (Jensen-Campbell, Malcolm, 2006). Neuroticism or the inability to control emotions, feel anger and irritability, often is linked with CWB (Bolton et al., 2010; O’Neill et al., 2011). Openness to experience or seeking new experiences, creativity and imagination also is considered to be linked with CWB. According to some researchers employees with high level on openness to experience can be exhausted emotionally, which can lead to CWB (Deary et al., 2003). According to others, people with high openness to experience are less likely to show low rates of CWB (Bolton et al., 2010).

Other researchers added as predictor of workplace deviance and CWBs dark personality as common focused either on three traits commonly referred to as the Dark Triad - Machiavellianism, Narcissism, and Psychopathy (Paulhus, Williams, 2002) or on models of dark traits based on DSM-IV Axis II disorders (Hogan, Hogan, 2001; 2009). The first approach identifying dark traits is focused on pathologies characterized by motives to elevate the self and harm others (Paulhus, Williams, 2002), whereas second approach focuses on the dark side as negative characteristics that emerge when individuals let down their guard (Hogan, Hogan, 2001). The researchers have found links between the Dark Triad traits and CWBs

(cf. O'Boyle, et al., 2012; Scherer et al., in press, cited in Spain et al., 2013). In addition, meta-analytic evidence also suggests a fairly robust relationship between Machiavellianism and unethical decision making in organizations (Kish-Gephart et al., 2010). From the point of view of the second approach dark personality often was measured with the Hogan Development Survey (HDS; Hogan, Hogan, 2001). The HDS assesses 11 subclinical traits, which may be expected to lead to potential short-term advantages, but could be associated with problems over the long term (Hogan, 2007; Hogan, Hogan, 2009; Hogan, Kaiser, 2005). These subclinical traits are Excitable, Skeptical, Cautious, Reserved, Leisurely, Bold, Mischievous, Colorful, Imaginative, Diligent and Dutiful as attention is on Skeptical or Paranoid in DSM-IV construct aligned with Machiavellianism on the basis of its association with cynicism and distrust. Then, trait Bold correspondent to Narcissism (Narcissistic DSM-IV construct) and Mischievous was associated with Psychopathy based on Antisocial DSM-IV construct. These traits have been found to have important consequences for performance (Benson, Campbell, 2007; Harms et al., 2011b; O'Boyle et al., 2012) and leader development (Harms et al., 2011a). Individuals with these traits are significantly more likely to have trouble with their supervisors, so their behaviour is clearly important to organizational researchers and practicing managers.

ORGANIZATIONAL DIFFERENCES IN COUNTER-PRODUCTIVE WORK BEHAVIOURS (CWBS)

The specifics of working systems within an organization can affect the extent to which an employee would commit to a CWB. Some common organizational stressors include violation of the psychological contract, unjust distribution of remuneration and assessing the performance of managers. Furnham and Taylor (2004) adapted the causal model for CWB of Martinko and colleagues (2002), and identified a number of organizational or as specified in the model, situational factors: Inflexible policies; Competitive environment; Leadership style; Rules and procedures; Economic conditions; Reward systems; Adverse operating conditions; Difficulty of tasks; Organizational culture.

In this regard, on point is how the organizational climate or how people subjectively perceived the organizational characteristics would affect CWB. Organizational climate describes how members of the organization perceive it and give it shared meanings of their perceptions of this environment. Schneider (1972) suggests that organizational climate perceptions focus on the processes, practices and behaviors that are rewarded and supported in an organization. The climate is influenced by leadership style, formal systems and structures, administrative procedures and rules for decision making. It has been shown that the climate affects job satisfaction and effectiveness and motivation of employees. Therefore, organizational climate refers to the situation as it relates to the thoughts, feelings and behavior of organizational members (Denison, 1996), and therefore would have an impact on the realization of the CWB. As organizational climate includes dimensions such as the structure and standards of the organization, distribution of

responsibilities, remuneration system, supporting working conditions, so organizations show trust and respect of its employees, use equitable policies, positive rules and procedures related to the welfare of employees so the behavior of employees will be encouraged to positive levels. In other words, organizational climate influence employee engagement in prosocial or counterproductive behaviors. When it is seen as more favorable, this generally reduces the level of counterproductive behaviors (Kidwell, Valentine, 2009).

Based on the different theoretical approaches to CWB in this study we will assume that any intentional behavior conducted by a member of the organization considered by the organization as contrary to its legitimate interests is a CWB. Therefore, the focus is on the actual behavior and not on the results or consequences of the behavior (e.g. damage that is made), taking into account only intentional behaviors in this definition. In addition we will trace how individual (gender, age, personality traits, etc.) and organizational (type and size of organization, organizational climate etc.) characteristics influence CWB.

RESEARCH TASKS AND HYPOTHESIS

The objective of the study is to establish individual (e.g. age, gender, personality traits) and organizational (e.g. type, size, climate) differences in CWB (measured as e.g. sabotage, verbal aggression, withdrawal, etc.).

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

1. To establish individual differences in the CWB, as see whether men and women, and employee from different age groups differ in implementation of the CWB.
2. To trace out significant associations of personality traits (Big Five traits) and CWB' dimensions, as see which of the personality traits are significant predictors of the CWB?
3. To establish influence of organizational climate on CWB and whether the type and the size have influence on CWB.

Based on the results from different studies we suppose significant individual differences in the CWB, as we expect that men and younger employees will engage more with the CWB (e.g. Martinko et al., 2002). Then, depending on their personal traits (e.g. Agreeableness, Conscientiousness, Introversion; see in Salgado, 2002; Spector and Fox, 2005) employees will engage in different extent and forms of the CWB. Also, we expect that differences in organizational climate, type and size of the organization will lead to differences in CWB (e.g. Kidwell, Valentine, 2009).

METHOD

Procedure and samples: The Study 1 was conducted via an online platform in the period 9 to 23 May 2016. The sample included 255 persons, of whom 166 women and 89 men. The age groups of persons are 4: 18 to 25 years (35%); 26-31 years

(25%), 32-39 (20%) and more than 40 years (20%). Depending on the size of the organization approximately half are employees in small organizations, as 22% are in organizations up to 20 employees and 27% are in organization up to 50 employees. The least are organizations up to 100 employees - 17% and 33% are working in organizations with 500 or more employees. The majority of the respondents - 63.5% work in Bulgarian and 36.5% are employed in international organizations.

The Study 2 was conducted in the spring of 2016, again using the online platform and includes 73 individuals aged between 25 and 55 years, most of whom are women (63%) working in different organizations in the services, public administration, banking and financial institutions and others.

The tools of the Study 1 include:

1. Counter-productive work behavior - checklist (CWB-C), which consists of 45 items (Spector et al, 2006), to which was added 5 more items from questionnaire of Stieger and colleagues, for example "Made an inappropriate ethnic, religious or racial remark or joke at work" (Stieger et al, 2010; cited in Furnham and Taylor, 2011:132-134). Respondents noted how often they perform these behaviors using a five-point Likert scale from 1 "never" to 5 "every day." The original CWB-C has good internal consistency ($\alpha=.89$). For this study the internal consistency of Cronbach's alpha is .93. The questions measuring CWB have been subjected to factor analysis, on the basis of which was developed 5 factor structure explaining 44.6% of the variance. The first factor was titled "Complaint" and included 6 items ($\alpha=.67$), related to the dissatisfaction of the people in the organization. For example: "Complained about insignificant things at work"; "Told people outside the job what a lousy place you work for". The second factor was called "Verbal aggression" and included 8 items ($\alpha=.85$), which express the intentional verbal insults to other employees in the organization. Sample statements: "Insulted someone about their job performance"; "Said something obscene to someone at work to make them feel bad". The third factor, which also has 8 items is "Sabotage" ($\alpha=.82$) and is characterized by statements that are associated with obstruction of workflow or obstruction of the work of colleagues. Sample items are: "Purposely came late to an appointment or meeting"; "Withheld needed information from someone at work"; "Purposely interfered with someone at work doing his/her job" The fourth factor again with 8 items is "Organizational damage / theft" ($\alpha = .70$) and is associated with embezzling organizational property or causing damage to the organization. Some of the items are "Stolen something belonging to your employer"; "Took supplies or tools home without permission". The fifth factor has 8 items and describes the behavior associated with delays to work, hanging around and delay of workflow or "Withdrawal" ($\alpha=.89$). Sample items are: "Came to work late without permission"; "Taken a longer break than you were allowed to take".

2. Organizational climate measure - included 43 statements, divided into 9 subscales of the original questionnaire of Patterson et al., 2004, with 17 subscales. The assessment of the items was by using a 4-point Likert scale of 1 "disagree" to 4 "agree". The included subscales in this study are: employee welfare, autonomy, supervisory support, clarity of organizational goals, effort, efficiency, pressure to

produce, performance feedback and formalization. The reliability of the subscales have satisfactory values of Kronbach's alpha range from .69 to .93.

The Study 2 was done again using the previously described Counterproductive work behaviour - checklist (CWB-C) (Spector et al, 2006) and a short version of the Big Five, approbated for Bulgarian sample. The questionnaire consists of 42 items, done by the methods of L. Goldberg and Costa and McCrae by T. Yordanova in 2008 (Tair, 2011). Respondents assessed using a 4-point Likert scale of 1 "disagree" to 4 "agree". Factors that were defined in this study are: Agreeableness, Conscientiousness, Introversion, Anxiety, Introversion and Sociability. The coefficient of reliability, measured by Kronbach's alpha range from .58 to .78.

There were also included demographic questions such as age, sex, type and size of the organization.

RESULTS AND DISSCUSSION

STUDY 1

First will be examined individual differences in the CWB, as we will first look at the overall picture of manifestation of CWB. Table 1 shows that employees who we have examined have relatively low values for the different dimensions of the CWB by sharing actions like being late for work, delaying work, taking longer breaks (withdrawal) and insulting colleagues (verbal aggression).

Table 1: Descriptive results of CWB' Dimensions (N=255)

CWB' Dimensions	N	Mean	SD	Min.	Max.
Complaint	6	9.93	3.16	6.00	24.00
Verbal aggression	8	11.95	4.15	8.00	29.00
Sabotage	8	9.46	2.63	8.00	28.00
Organizational damage / theft	8	9.64	2.53	8.00	24.00
Withdrawal	8	14.98	4.69	8.00	36.00

On Table 2 are presented the results of the dispersion analysis for gender differences, which show that there are significant differences in employment behavior of men and women in almost all measured dimensions of CWB, particularly in dimensions Withdrawal, Sabotage, Organizational damage/ theft and Verbal aggression. There is no reported gender differences in the dimension Complaint. It was found that men than women engage in behaviors associated with delaying workflow, hanging around and abstrucing workflow or colleagues' work. Men also shared that they more often than women tend to take something belonging to the organization or use verbal aggression against their colleagues.

Table 2: Results for gender differences in CWB' Dimensions (N=255)

CWB' Dimensions	Gender	Mean	SD	t/p
Complaint	Male (N=89)	10.48	3.49	t=2.06/p=.107
	Female (N=166)	9.63	2.92	
Verbal aggression	Male (N=89)	12.84	4.69	t=2.55/p=.010
	Female (N=166)	11.47	3.75	
Sabotage	Male (N=89)	10.24	3.23	t=3.53/p=.000
	Female (N=166)	9.04	2.15	
Organizational damage/theft	Male (N=89)	10.43	3.10	t=3.72/p=.002
	Female (N=166)	9.22	2.05	
Withdrawal	Male (N=89)	16.44	5.14	t=3.74/p=.015
	Female (N=166)	14.19	4.24	

On Table 3 are presented the results for age differences in CWB, which show that statistically significant differences exist in the factors Sabotage, Withdrawal and Complaint. The respondents over 40 years old compared to younger (18-25) are less likely to complain about work, be late for work or delay work tasks, probably because they have a well-established work habits, morals and values in comparison to young people who are just establishing theirs and getting to know their work roles and responsibilities. Age differences are shown also in behaviors related to obstructing workflow (sabotage) who are more typical for those between 32-39 years old, who probably have gained some experience, know the rules and are probably more likely to violate them without being "caught" and punished.

Table 3: Results of ANOVA for age differences in CWB' Dimensions (N=255)

CWB' Dimensions	Age groups	Mean	SD	F/p
Complaint	18 – 25	10.40	3.14	F=2.70/p=.046
	26 – 31	10.03	3.35	
	32 – 39	10.04	3.71	
	over 40	8.86	1.96	
Verbal aggression	18 – 25	11.91	4.30	F=1.02/p=.385
	26 – 31	11.38	3.17	
	32 – 39	12.74	5.19	
	over 40	11.96	3.78	
Sabotage	18 – 25	9.69	2.68	F=4.55/p=.004
	26 – 31	9.06	2.08	
	32 – 39	10.38	3.76	
	over 40	8.65	1.15	

Organizational damage/ theft	18 – 25	9.84	2.65	F=183/p=.142
	26 – 31	9.45	2.38	
	32 – 39	10.12	3.23	
	over 40	9.06	1.39	
Withdrawal	18 – 25	15.96	4.95	F=5.17/p=.002
	26 – 31	15.69	4.96	
	32 – 39	14.20	4.15	
	over 40	13.12	3.69	

Secondly, we will look at the organizational differences in CWB, as Table 4 presents the results of CWB depending on the type of organization, of which it became clear that there were no significant differences according to the type of organization - Bulgarian or international. The results obtained from the analysis of the size of the organization (up to 20 employees, up to 50 employees, up to 100 employees and more than 500 employees) and engaging with counterproductive behavior did not present significant differences. Therefore, in this study the size and type of organization has no influence on the engagement with CWB.

Table 4: Organizational type differences in CWB' Dimensions (N=255)

CWB' Dimensions	Organizational type	Mean	SD	t/p
Complaint	Bulgarian (N=162)	9.81	3.19	t=.649/p=.421
	International (N=93)	10.14	3.10	
Verbal aggression	Bulgarian (N=162)	11.99	4.00	t=.038/p=.845
	International (N=93)	11.88	4.40	
Sabotage	Bulgarian (N=162)	9.43	2.84	t=.046/p=.831
	International (N=93)	9.51	2.23	
Organizational damage/ theft	Bulgarian (N=162)	9.58	2.56	t=.274/p=.601
	International (N=93)	9.75	2.49	
Withdrawal	Bulgarian (N=162)	14.67	4.68	t=1.94/p=.164
	International (N=93)	15.52	4.68	

ORGANIZATIONAL CLIMATE AND CWB' DIMENSIONS

It was also examined the role of organizational climate as measured by the effort put by the employees, clarity of goals, welfare and others on CWB. It has been found significant links between: 1) clarity of organizational goals and all dimensions of the CWB. Accordingly, reducing the clarity of organizational goals significantly increases the behaviors associated with complaint and spreading harmful rumors about the organization ($r = -.38$; $p = .001$), and withdrawal, i.e.

being late for work or taking longer breaks ($r = -.24$; $p = .001$). The lack of clarity in the organizational goals slightly increases and the use of verbal aggression ($r = -.19$; $p = .001$) and behaviors related to sabotage ($r = -.15$; $p = .05$), and the organization damage ($r = -.13$; $p = .05$). Secondly, there are significant links to the efforts required of employees and the dimensions of the CWB. Accordingly, when there is pressure on employees to enhance the efforts slightly raise the levels of complaint ($r = -.23$; $p = .001$), verbal aggression ($r = -.26$; $p = .001$), withdrawal from work ($r = -.15$; $p = .05$) and the organization damage ($r = -.14$; $p = .05$). Third, the performance feedback from managers again significantly reduces behaviors related to complaint ($r = -.24$; $p = .001$), verbal aggression ($r = -.18$; $p = .001$), withdrawal from work ($r = -.15$; $p = .05$) and organization damage ($r = -.14$; $p = .05$). Similarly, the support provided by management lowers employee participation in activities related to complaint ($r = -.28$; $p = .001$), verbal aggression ($r = -.23$; $p = .001$) and withdrawal from work ($r = -.16$; $p = .05$).

The conducted regression analysis of the role of the dimensions of organizational climate on the manifestations of CWB represent firstly, significant but little impact on the factor "complaint" ($R^2 = .18$), as the presence of the clarity of organizational goals ($\beta = -.25$; $p = .001$) and lowering "formalization" ($\beta = -.15$; $p = 0.034$) results in a slight decrease in the complaints of the employees. Secondly, organizational climate has a significant impact on verbal aggression of employees ($R^2 = .32$), as the increased organizational requirements for efforts ($\beta = -.19$; $p = 0.016$) and "formalization", i.e. increasing organizational rules and procedures ($\beta = -.14$; $p = 0.047$) lead to the expression of discontent through insults and mockery directed at the organizational members. There are some organizational influences on verbal aggression, such as position, size and type of organization which increase the explained dispersion by 7% ($R^2 = .39$). Thirdly, the organizational climate has a significant but little impact on the factors of "withdrawal" ($R^2 = .34$), as a significant influence have "clarity of organizational goals" ($\beta = -.26$; $p = 0.002$), "supervisory support" ($\beta = -.21$; $p = 0.031$) and the "employee welfare" ($\beta = .30$; $p = 0.010$). These results suggest that the ambiguity for the organizational goals and the lack of understanding and cooperation by managers affects absenteeism and delays to work. An interesting result is the influence of the "employee welfare" on the behaviors associated with the dimension "withdrawal". From the results it follows that, when the organization cares of its employees, they in return could allow themselves to be late for work or to hang around in the workplace more often. Here the value have individual characteristics, such as "sex" and "age" which increase the explained dispersion by 10% ($R^2 = .44$) or in other words, the described behavior to a lesser extent refers to women and people over 40 years old.

STUDY 2

PERSONALITY TRAITS AND DIMENSIONS OF CWB

DIMENSIONS OF CWB

The second study examines the relations between personality traits and CWB. Based on the conducted factor analysis through the CWB checklist, six factors/subscales were drawn: 1. Antisocial behavior ($\alpha=.78$), expressed in harmful behavior towards the organization and its employees; 2. Physical aggression ($\alpha=.86$), expressed in physical violence and damaging organizational property; 3. Verbal aggression ($\alpha=.80$) is linked to insults, gossiping, sexual, religious or racial jokes; 4. Sabotage ($\alpha=.67$) expressed in coming late to work and violating organizational rules; 5. Withdrawal ($\alpha=.71$) shows the violation of the psychological contract between the organization and the person (for example not going to work without any reason); 6. Organizational damage ($\alpha=.63$) - damaging organizational properties or ignoring problems which can lead to damage.

AGE, GENDER AND CWB' DIMENSIONS

As in the first study, so in the second there are gender differences, again men are more prone to verbal aggression ($t=2.45$; $p=.017$) and withdrawal ($t=3.51$; $p=.001$) than women. The results of the verbal aggression of men in the workplace are expected, considering the higher level of aggression which they have compared with women. Concerning withdrawal different studies show that men cope with stress differently than women, who consider social support to be vital factor (Johnson, Hall, 1988). In the current study men, probably cope with stress with longer and repetitive breaks, being late to work, slowing the working process, taking drugs or alcohol on the workplace. Considering age, differences are shown in the factors Antisocial behavior ($F=4.65$; $p=.013$) and verbal aggression ($F=5.31$; $p=.007$), where employees from age of 35 to 55 have higher rates than those between 20 and 35 years. The result may be due to stress or due to the knowledge of organizational norms and their probable violence without any consequences.

ASSOCIATIONS BETWEEN PERSONALITY TRAITS AND CWB' DIMENSIONS

From the personality traits included in the current study significant and stronger are associations between Introversion (the opposite of Extraversion) and CWB. Most strong is the correlation between Introversion and Antisocial behavior ($r=.73$; $p=.001$), followed from relations to Verbal aggression ($r=.53$; $p=.001$). More weak are the correlations with Sabotage ($r=.27$; $p=.001$) and Withdrawal ($r=.33$; $p=.001$). Therefore, according the results from our study people who have

difficulties in making relations with others, who do not like liveliness and excitement, and tend to plan their behavior, are more inclined into CWB, expressed in damaging the organization and its employees, insults, and little more inclined in absence and coming late to work. Also, results demonstrate that there is negative correlation between Agreeableness and CWB, as in others studies (e.g. Bolton et al., 2010). More precisely between Agreeableness and Antisocial behavior ($r=.32$; $p=.001$). Then as we have already mentioned that neurotism is associated with CWB (e.g. Bolton et al., 2010; O'Neill et al., 2011), in the current study there is moderate positive correlation ($r=.34$; $p=.001$) between anxiety (one of the facets of neurotism) and Organizational damage. Despite our expectations for correlations between Conscientiousness and CWB (e.g. Berry, Sackett, 2007; Salgado, 2002) we did not find any.

PREDICTORS OF CWB

From the conducted regression analysis on the influence of age, gender and Big Five personality traits over Antisocial behavior, the only predictor found was Introversion ($\beta=.76$; $p=.000$; $R^2=.54$), as near half of the variations in the dimension antisocial behavior is explained by this personality trait. Verbal aggression is explained by 35% ($R^2=.35$) from the influence of age, gender and personality traits, as Introversion has stronger influence again ($\beta=.52$; $p=.000$). Considering Withdrawal 28% of the variations ($R^2=.28$) can be explained by the influence of age, gender and personality traits, as the influence of Introversion is moderate ($\beta=.36$; $p=.007$). Organizational damages, 19% of the variations ($R^2=.185$) are due to the influence of age, gender and personality traits, but here the significant influence comes from the Anxiety ($\beta=.35$; $p=.005$). In the dimensions Physical aggression and Sabotage has not been found influence of age, gender and personality traits.

CONCLUSION

First, we can resumed that there are significant individual differences in CWB, as men are more inclined in almost all forms of CWB - withdrawal, sabotage, organizational damage/ theft and verbal aggression. At the same time there are age differences, as people at middle age (30-39 old in the Study 1 and 30-55 in Study 2) represent a greater willingness for violation of the organizational rules. Among the personality traits as the most significant factor of CWB stood out the introversion, especially in relation to antisocial behavior and verbal aggression, and to a lesser extent in terms of withdrawal. Personal anxiety has a small but significant effect on the willingness to harm the organization. Both forms of CWB that are most often presented in the surveyed employees are "withdrawal" and "verbal aggression". It has been found that there is significant, but weak connection between how much employees understand organizational goals, how they receive understanding from their superiors, what requirements there are for them or to what

extend the work tasks are built on rules and procedures and readiness for "complaint" and use of "verbal aggression" and "withdrawal" of the job.

It is crucial in the organizations to pay attention on how much and whence employees perceive the goals and rules of the organization, and how much are they willing to engage with them because it could be argued that these features contribute to manifestations of the CWB. The reported individual differences represent the need to pay more time and attention on adaptation and socialization of younger employees in the organization. This again means that organizational culture should be developed and passed on to employees in order to better understand, transmit and commit to organizational goals and values.

The results of the study 1 presented despite its limitation that perceptions about the organization not only limit to the characteristics of the organizational climate, and probably there are other variables that also have an impact on employee behavior. Such characteristics unless individual differences may be other organizational components such as payment, communication and relations in the organization, type of work, physical environment or management style.

In today's technological and fast developing times, organizations, and in particular those responsible for the selection and development of employees must continually explore and enrich knowledge of the organizational phenomenon - CWB - and the influence of various factors on it. This study has to be only the beginning of the follow-up of prevention in this direction for the better understanding and management of counter-productive behaviors in the Bulgarian organizations.

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PROMOTING VALUES AS A STRATEGY TO INCREASE EMPLOYEES' RETENTION IN NON-PROFIT ORGANIZATION, EMPIRICAL STUDY IN KUWAIT

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ABSTRACT

This paper looks at the extent to which human resources professionals in non-profit organizations (NPOs) in Kuwait implement strategies to promote values as a means to retain staff. Much research has been conducted on employee retention strategies; however, few studies have analyzed the relationship between employee values and retention. This study will be pioneering as it is believed that no research has been carried out in this area in Kuwait. With limited budgets, NPOs are negatively impacted when employee turnover occurs, thus requiring NPOs to think of different alternative methods that can be used to retain employees. In order to answer the research question, a qualitative interview with a human resources professional will be conducted. This paper will explore the area of employee and organization value congruence and its effect on employee turnover. In the final section of the paper, recommendations will be provided showcasing various value-based employee retention strategies.

Key words: *Values, P-O Fit, Employee Retention, Non-Profit Organization, Strategy, Kuwait*

JEL Classification: *L 31, E 24, J 82*

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INTRODUCTION

This paper aims to look at the extent to which non-profit organizations (NPOs) in Kuwait implement strategies to promote values as a means to staff retention. With limited budgets, NPOs are heavily impacted when employee turnover occurs. NPOs need to focus on alternative strategies that can help entice employees to continue to work for the organization. Through the promotion of values within a NPO, employee retention rates can be enhanced.

Keeping skilled and experienced employees is an operational concern for both for-profit organizations and NPOs. The cost of losing an employee includes more than just the recruitment and training costs, it involves the loss of knowledge, expertise, and productivity (Svensen-Lewis, 2012).

Subsequently, there is a pressing need for developing effective strategies to improve employee retention rate in the profit organizations in general and the non-profit organizations in particular. Compared with private sector counterparts, NPOs need to develop sound strategies in order to help them retain employees because paid employees within NPOs is very important to the operations of the organization and with limited financial resources to pay staff a wage similar to what would be paid in the private, relying on other strategies to retain staff becomes extremely important (Svensen-Lewis, 2012).

Numerous employee retention initiatives have been discussed in the literature however a fairly new area regarding retention which is aligning individual values with organizational values. This can help develop organizations by increasing job satisfaction and employee retention rates and also reduces costs associated with staff turnover (Inabinett, Ballaro, 2014; Amos, Weathington, 2008).

Hayden and Madsen (2008) stated that the values that employees hold have a strong impact of how they behave within an organization. Understanding the values that employees have can help organizations to develop and implement specific managerial practices that will in turn improve business practices within the organization.

Although the area of linking individual values to staff retention is getting popular, however there has not been a lot of research looking into it (Macy, 2006).

This paper will look at how values are implemented and promoted within a non-profit organization as it is strongly believed that the act of promoting values tends to be a critical activity within all NPOs. More specifically, this article will discuss the employee retention strategies used by NPOs (Svensen-Lewis, 2012).

This study focuses on identifying value-based strategies and initiatives that human resource professionals working within NPOs implement to help improve staff retention. Various theories will be discussed in the literature review however the focus will be on person-organization fit and matching corporate culture with employee's values. By recruiting employees that are linked to the organization through shared values, organizations can then develop and implement additional employees' retention strategies that are related to these values to help increase the

likelihood of employees staying highly committed and loyal to the organization. (Svensen-Lewis, 2012).

EMPLOYEE TURNOVER

Human capital is one of the main sources of competitive advantage that can make a big difference in organizational performance. Employee retention is a significant concern for organizations because turnover costs organizations time and money. As stated by Cho and Son (2012) organizations that can recruit and retain competent employees have an advantage over organizations that cannot retain their employees whereas retaining employees is as important as hiring them.

Employee turnover wastes a lot of valuable organization assets and this waste has way more impact on non-profit organizations. Employee turnover limits the growth of an organization, as well as limits the ability of the organization to enhance its programs, services, and customer service. When employees leave an organization, the human capital and knowledge leave with them. The costs associated with hiring a new employee are significant, and with tight funds, non-profit organizations are limited in their capacity to have a high level of turnover (Svensen-Lewis, 2012). This cost includes the whole recruitment process such as advertising, screening, interviewing, testing, wages, training, orientation, and technology. Additional financial impact can include loss of productivity, decreased employee morale, a new employee learning curve, and increased supervision. (Hillmer et al,2004), Poliner (2014). Although the costs associated with an employee leaving an organization can be as high as 200% of the employee's wage, there is another impact on the organization other than the dollar value associated with employee turnover. The intangible costs of losing an employee can be detrimental to an organization. The reputation and productivity of the organization is threatened when organizations experience a high level of employee turnover. Decreasing turnover rates can help enhance an organization's sales and boost employee morale (Allen et al.,2010). It is in the NPO's best interest to establish initiatives that help promote employee retention, in particular, initiatives that promote values within the organization.

Employee turnover has been a very popular research topic due to the importance of reducing turnover to improve the organization's performance and also the performance of employees (Min, 2007).

IMPORTANCE OF EMPLOYEE RETENTION

In today's business environment, organizations find it very challenging to cut operating costs and improve productivity. As competition increases between organizations, human capital becomes more important as it can help organizations set themselves apart from their competition. Human resource management has become more powerful in terms of their strategic importance by creating a competitive advantage for organizations. By having a well-established and strategic

human resource management process, organizations can enhance the overall financial position in the market. More specifically, organizations need to properly use their resources and develop appropriate human resource management policies, procedures and practices. One of those important HRM practices includes developing effective and relevant employee retention strategies (Choudhury, Mishra, 2010).

Regardless of the nature, sector or size of the organization, it is important to understand that retaining employees is a very common problem all organizations face (Ramlall, 2004).

Due to the nature of the very dynamic business environment under which organizations operate, there is a growing understanding that organizations will face more difficulties in retaining employees than they have in the past. Organizations that understand the importance of employee retention and have identified how organizations can decrease turnover will gain a competitive advantage over other organizations that have yet to understand the need for employee retention (Allen et al., 2010).

Having explained the costs associated with employee turnover, it is apparent that it is very challenging for organizations to increase productivity and reduce operational costs if the turnover rate is high. This presents a more serious issue for nonprofit organizations due to their limited financial resources and therefore, the issue of employee retention should be given more attention. However, looking at the brighter side, NPOs may have some advantages over other organizations in relation to the employee retention. When individuals join NPOs they are usually attracted to the organization's mission and values and therefore their commitment is generally higher and the retention rate is expected to be high as well (Hoffman, 2006).

P-O FIT

Organizations continuously look for attracting, hiring, and retaining qualified employees. Retaining employees is a big concern for organizations where it is as important as hiring employees. Organizations need to develop good retention strategies so they can avoid turnover and its negative consequences. One of the most important methods and strategies that can be used to select and recruit the right employees is person-organization fit.

Kristof-Brown (1996) defined P-O fit as the compatibility between individuals and the organizations in which they work for. Studies related to the P-O fit have indicated that the individual and organization fit increases the chance that individuals will remain a member of the organization (Memon et al., 2014).

The P-O fit has often been represented in the literature in terms of value congruence and goal congruence (Kristof-Brown, 1996). Value congruence is defined as the similarity of values of both the employee and the organization (Hoffman, Wehr, 2006; Kristof-Brown, 1996). The more the employee's values are congruent with those of his/her organization, the higher the likelihood they will remain in the organization. In other word, when an employee's needs are met,

when there is congruence between the employee and organization in terms of values, P-O fit occurs (Kim et al., 2013; Sutarjo, 2011; Schneider, 1987; Kristof, 1996).

Previous studies have been consistent in their findings where they found a negative correlation between the P-O fit and the intention to quit (Verquer et al., 2003; Hoffman, Wehr, 2006; Jung, Yoon, 2013).

METHOD

The purpose of this paper is to look at the extent to which non-profit organizations (NPOs) in Kuwait implement strategies to promote values as a means to staff retention. The researchers interviewed an HR professional who has a rich experience and knowledge about these non-profit organizations. The main focus of the interview was on the role of values in organizations and whether leaders promote values within the organization in order to retain staff. Since the interview was partially structured, the interview did not restrict the research participant in his answers to the questions. The researchers then summarized the interview transcript and reported the findings.

FINDINGS AND CONCLUSION

The participant stated that generally speaking staff turnover can be very destructive to non-profit organization. It is very important to understand the participant's view on the importance of employee retention as the amount of time and energy that NPOs put into developing and implementing staff retention practices will depend on the level of importance that they attach to employee retention.

The participant indicated that employee retention is extremely important to non-profit organizations for several reasons. Employee turnover as indicated has a very negative effect on the quality of the services/products provided by the organizations. One of the important findings was the comment made by the participant that high ratio of employee turnover can be very costly and it might have a negative impact on the relationship with funders and may result in a big decrease in funding. Funders are one of the most important stakeholders for non-profit organizations, and therefore it is very important to meet their expectations and keep them satisfied with the overall performance of the organization so they feel that their money is spent wisely. The participant also emphasized on the importance of having low turnover rate as this can help in increasing organizations stability and then expansion.

One of the major things that was mentioned by the participant was person-organization fit as a precaution strategy to increase employee retention. Apparently that this issue is a critical one as it is directly considered in the recruitment process right from the beginning. During the hiring process, lots of the interview questions try to find out what values the applicant holds and whether those values are similar to the organizational key values. However, the participant added that this is not done by all organizations as many do not focus on P-O Fit, they rather focus on the

qualifications that the applicant will bring to the organization regardless of the values he/she holds. With regards to the retention strategies used by NPOs the participant thinks that those organizations still focus on the traditional strategies which revolve around offering good compensation package that includes holidays, health insurance, housing allowance, school allowance and other benefits.

The findings confirmed that employee retention is a critical issue for non-profit organizations. However, organizations do not do enough about it except for P-O Fir this is usually done during the hiring process. Although this step is quite important and can certainly increase the retention rate but more needs to be done by NPOs. The findings of this study give an overview of the general retention strategies used by NPOs however they cannot be generalized as more in-depth research is required and more participant from those particular organizations need to e interviewed so we can get a clear picture.

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THE IMPACT OF CAPITAL OF ILLEGAL ORIGIN USED IN PRIVATISATION ON EMPLOYMENT IN SERBIA

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ABSTRACT

Organized criminal as a negative trend of worldwide process of globalization strives to integrate the capital illegally gained through “money laundering” into legal financial flows, which represents a criminal activity of high degree of social danger. By infiltrating dirty money into legal financial and economic flows, the criminals tend to put certain economic flows under control, in order to have a direct impact on political processes and achieve their interests. Financial system as a whole can be jeopardized by the efforts of criminals to hide the origin of their capital gained through illicit actions, i.e. crime. “Money laundering” has potentially devastating economic, security and social consequences. The economic consequences of “money laundering” are the most significant ones and depending on specific social-economic environment, they can be: undermining the integrity of financial markets, the loss of control over economic policy, economic instability, loss of tax revenues and jeopardizing the process of privatization.

The subject of this research is one specific aspect of observing the use of illegal capital in privatization and its role on employment in Serbia.

A specific aspect of this contribution is the definition of economic and legal aspects of “money laundering” impact on social-economic system changes under the transition process in which changes of ownership relations arise, when social property is transformed into private through illegal redistribution of capital. This paper will also deal with legality that leads to illicit accumulation of wealth and capital, gained as a consequence of investing illegal capital from “tax havens”, as well as the forms and models of its legalization through privatization.

Key words: *Money Laundering, Privatization, Illegal Capital, Employment*

JEL Classification: *K 42, M 54*

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INTRODUCTORY CONSIDERATIONS

The accelerated globalization of world production and market implies an ever-increasing progress of the integration of national economies into one global world economy. The development of high information technologies has enabled the development of this process on a global scale without territorial boundaries. Aside from positive globalization trends there are negative ones as well, such as the presence of organized crime that tends to legalize criminally gained profits through “money laundering”, and then to infiltrate them into financial and economic flows in order to control economic flows, as to influence the political processes and achieve their interests. In a globalized world there is a constant threat of international “money laundering” and other financial fraud to the security of national banking systems, thus the economy as a whole. In recent years a need has arisen for the observation of “money laundering” on a global level and its impact on collapsing the financial markets, reducing their transparency, by which they obstruct the operations of both entire state systems and overall world economy. As the efforts of criminals to conceal the origin of profits gained can severely endanger solidness, integrity and stability of credit and financial institutions, a need has arisen for the establishment of international legal framework dealing with these issues.

The international phenomenon of “money laundering” should be observed from several aspects: economic, criminological, sociological and legal.

Scientific goal of this paper is a specific aspect of observing the use of illegal capital in privatization and its role on employment in Serbia. This paper will analyze scientific and professional explanations from domestic and foreign literature with a focus on description of theoretic, legal and economic framework for establishment of legal order to disable generation, i.e. legalization of money and capital whose origin cannot be proved.

Social goal of this paper is to provide scientific knowledge in order to determine economic, legal-economic aspects and consequences of “money laundering” as well as on the changes of social-economic system, as on the economic growth and unemployment that result from a consequence of illegal redistribution of money and capital. Illegal accumulation of money in Serbia has become as a result of economic sanctions, hyperinflation and bad concept of privatization. The central part of this analysis are the economic-legal aspects of the question referring to the form of investing illegal capital and its legalization through privatization, therefore social verification of its owners. The research results are to determine the causes and consequences of wrongly and vaguely laid down norms in the process of social property transfer into another forms of property, through privatization, by investments of illegal capital. The research will show a cause-and-effect relationship between inefficient legal system and legal framework on one side, and the growth of corruption and criminal as a result of social process transforming one form of property into another one, on the other side.

Uncritical acceptance of neoliberal approach to reforms – hasty destruction of the old and inconsistent and slow development of a new system, especially in the privatization, has expanded space for economic crime and accelerated outflow of capital. Building-up institutions and legal framework has lagged behind the criminal acts. The capitalism in its most brutal form has stepped on the scene. Inadequate legal framework, weak institutions of the system and “selective enforcement” of legal provisions for privileged persons have led to final market distortion. Owners of large capital have received what was promised by liberal dogma – full freedom of action when compared to other participants in market economy.

PRIVATISATION

The change of ownership and social structure was carried out during the last two decades in Serbia. The privatization as a central process of transforming social property into capitalistic, under neoliberal concept, has led to the beginning of new capitalistic society in Serbia. After October, the 5th in 2001, the political elite has adopted neoliberal concept of reforms known as the Washington Consensus, whose authors and controllers are the International Monetary Fund and World Bank. The substance of these reforms was supposed to be stabilization of national currency, privatization, liberalization and deregulation of market. Along goes the basic problem of transition and privatization in Serbia, because instead of taking care of national interests and economic growth of Serbia, a priority was given to the interests of international community, i.e. developed capitalist countries. According to Boža Drašković, in 2010, the authors and implementers of the privatization model in Serbia, starting from the axiom that the social property, therefore the companies that were established in it, is economically inefficient, came to the “beatific” formula that would solve the Gordian knot of the old economic structure in Serbia. This was the privatization carried out without delay and at any price.

THE CONCEPT OF PRIVATIZATION

The privatization concept, in the broadest sense, implies a transfer of resources from one to other holders of ownership and management from whom more efficient use of resources is expected.

REASONS FOR PRIVATIZATION

One of more important reasons for privatization is the increase of business efficiency of private companies (Social and state-owned companies have inefficient objectives such as reduction of unemployment, social peace, controlled prices, etc. Private ownership affects the increase of competitive structure of economy). The other reason for privatization is the identification of existing, unused resources in a form of private savings and/or foreign investments. The next reason is to support the policy of budget restrictions and strengthening financial

discipline. Finally, the exit of state ownership from mono-ownership structure, should contribute to dispersion of ownership rights and responsibilities.

PRIVATIZATION OBJECTIVES

Clear ownership structure of economy should be determined through privatization, therefore its greater efficiency through the increase of production and reduction of unemployment. Corporative management together with the use of new management techniques should lead to the growth of export and open market economy by the inflow of foreign investments and clear budgetary restrictions at all levels.

After years of privatization it emanates that the aforementioned objectives have not been accomplished. Privatization has not been finished yet as it was proclaimed at the beginning. Instead of reducing it, unemployment has been significantly increased. A large number around 30% of terminated privatizations have appeared. Large budget expenditures have incurred for maintenance of social peace. A certain increase of export has shown up but the largest exporters have actually been the privatized companies.

There were two time phases of privatization in Serbia, one from 1990 to 2000, and the second 2001 to the present. Both periods have their own specific characteristics from the standpoint of “money laundering”, but the results are diverse at best. Non-transparent procedures of sales often led to accusations of collusion and the whole process was investigated during 2001 by introducing the new Law on privatization. It points out open and competitive procedures. In particular, larger companies should be privatized through tender procedures whereas the auction procedure is foreseen for smaller ones. The process is run by the Privatization Agency under supervision of the competent ministry.

In the early years of privatization until 2005, it seemed that there were no tangible facts (investigations and cases) on crime related to privatization, although there were some indications on conflict of interests, insider trading, diminished property values and hidden LBOs (leveraged buyouts). The evidence that there were major irregularities in privatization is the EU request for Serbia to reinvestigate 24 privatizations. Dealing with these privatizations, the police in the cooperation with the prosecutor's office have filed many criminal charges and arrested a significant number of persons.

Such a situation evolved since the procedures were not adequately designed in order to cope with potentially high-risk infiltration of crime. The current framework covers a wide range of participants, and it seems that none of them has strong and clear mandate or responsibility. For example, the Privatization Agency is just an agent, but not the owner of companies that are being sold.

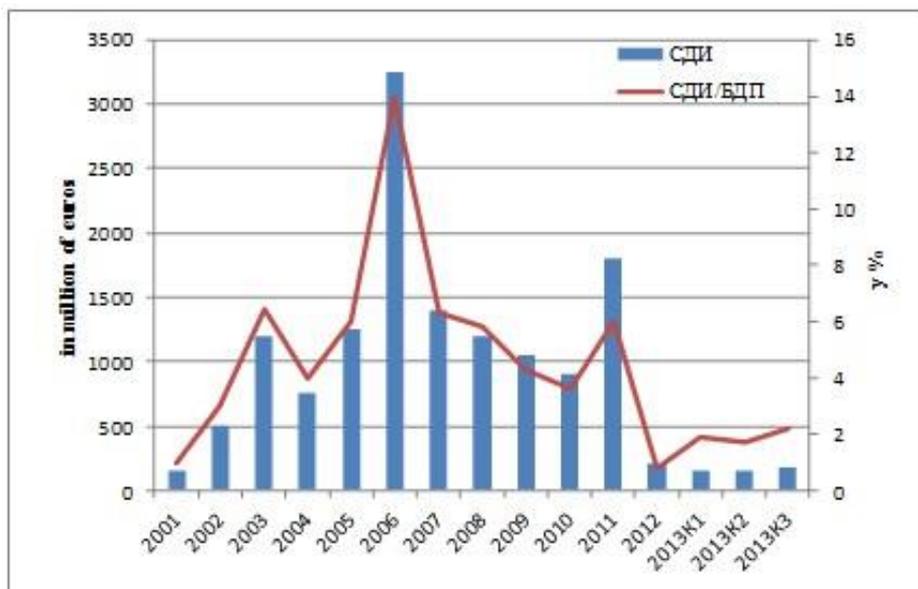
The Law on Privatization and additional instructions prepared by the Agency seem undefined when it comes to determination of the one **who has the right to participate in the privatization** (a request for participants in tender procedures are not defined in advance), **and this is a key aspect when observing the**

privatization from the standpoint of “money laundering”. Procedures are open for natural persons and intermediaries, with an exception of the largest companies, requested information are minimal, especially when it comes to determination of identity of the beneficial user. Judging by the opinions of the participants of the Focus Group (organized by the OECD in Serbia in October 2006, as to assist in the study on “money laundering” in Serbia), and by the facts from practice, it is obvious that a thorough due diligence on the identity of a bidder is not a major concern. In this context, it is also as interesting as it is disturbing to mention the following: as a public agency, which is at least partly financed from the budget of the Republic of Serbia, the Agency was put on the list of taxpayers to report transactions carried out by “suspicious capital” in accordance with the Article 5 of the previous Law on money laundering from 2001. This provision on liabilities of public agencies and institutions (to report transactions of suspicious capital) was eliminated from the Law on prevention of money laundering from 2005. According to the OECD report on “money laundering” and predicate offenses in Serbia from 2000 to 2005 **“it seems rather strange that Serbia allowed such a huge oversight at a time when it appears that it is very persistent to close every, even the smallest entry for money launderers.”**

Using the aforementioned gaps in the Laws on privatization, as buyers appeared either personally or as third persons with criminal records, even those who were under criminal proceedings. The second group of buyers was those who bought companies at attractive locations, counting on the value of the land or real-estate business so it can overcome the paid price, without even considering continuation and widening their business activities.

After revocation of responsibility of the Privatization Agency to report the purchase of companies with “suspicious capital”, the research has discovered that the capital investments from the off-shore destinations in privatization suddenly increased in 2006, and that they amounted to around 25% of total investments in 2006.

Within this period, the off-shore capital used in privatization was proclaimed as foreign direct investments. Thanks to this illegal capital, the share of foreign direct investments in GDP for 2006 was extremely high. However, as illegal capital has a sole purpose to infiltrate into legal flows, cover the tracks of its illegality instead of developing economy and increasing employment rate, there was a drop of foreign direct investments in GDP in 2007, and the GDP itself, as well as, beside other reasons, **the use of illegal capital in privatization from the off-shore destinations.**



Graph 1: Net inflow of FDI and their share of GDP, 2001- 2013

Source: National Bank of Serbia

MONEY LAUNDERING AND CONSEQUENCES

THE CONCEPT OF "MONEY LAUNDERING"

“Money laundering” can be defined in several ways. “Money laundering” is a process of movement of illegally gained proceeds through transformation cycle so that in the end they become legally gained proceeds. Most of the countries has adopted in their laws the definitions taken from the UN Convention against illicit traffic in narcotic drugs and psychotropic substances, which was adopted in Vienna in 1988 (the Vienna Convention- United Nations Convention Against Illicit Traffic in Narcotic Drugs and Psychotropic Substance) and the UN Convention against transnational organized crime, adopted in Palermo in 2000 (the Palermo Convention - United Nations Convention Against Transnational Organized Crime). The Vienna Convention has limited money laundering not just on revenues and assets gained by the commission of criminal acts related to drugs and psychotropic substances.

According to the Palermo Convention, the characteristics of money laundering are determined in the same manner as in the Vienna Convention, except that in this case it is about illegal business activities not just for drugs, but also for terrorism, human trafficking, trade in arms and criminal acts that make large profits.

According to definitions of the bank of England - "money laundering is defined as a process by which criminals attempt to conceal the real origin and ownership of funds gained from criminal activities for the purpose of actual possession of those funds. "

"Money laundering" appears in cases when criminals who possess illegally gained funds are faced with the fact how to use those illegally gained funds and at the same time leave no trails which will lead to their criminal activity- according to Bell, 2002.

According to Kulić (2001). „money laundering“ implies the activities directed towards legalization of money earned from criminal activities. The „money laundering“ participants resort to the most versatile transactions in order to conceal the real origin of money, thus making it a legal instrument of payment transactions on the money market, which enables them to regularly use it in business relations in which they place capital".

BASIC MONEY LAUNDERING STAGES

In **the first stage– investment**, a primary objective is to invest cash in legal financial flows. At the investment stage, the funds acquired from criminal activity are invested in a bank or used for the purchase of stocks, securities or life insurance policies. Also, the payments of “hot money” can be realized under provision of regular cash income from business. One of the procedures at this stage is the establishment of the so-called “phantom” companies that do not operate, but only exist as a tool for the cash payments into bank accounts.

In **the second stage– concealing**, a primary objective is to carry out as many transactions between the cash placement and integration, i.e. the entry of funds into legal economic and financial system. At this stage, the funds are merged into international banking-financial system in a way that a bank account is most frequently opened in countries referred to as “tax heavens” and then the tracks of illegal money are covered up through a large number of electronic transfers of money, without commercial reason, in an everyday giant payment transactions process characterized by a high degree of anonymity and speed.

Finally, it has already been mentioned that at a time of privatization processes in transition countries, the purchase of capital of certain social and state-owned companies with “dirty” money has become the reality.

In **the third phase - the integration**, the funds enter the legitimate economic and financial activity in such a way that prevents detection. These funds are placed through a complex network of international transactions so as to make impossible to track the original source of funds, through an early repayment of loans, payment of counterfeit bills, privatization, purchase of goods such as real estate, precious stones, boats, cars, artistic goods, etc. Finally, it has been already mentioned that at the time of the privatization processes in countries in transition, the purchase of individual social and state-owned companies with “dirty” money has become a reality.

MONEY LAUNDERING CONSEQUENCES

“Money laundering” has very negative effects on a macroeconomic and microeconomic level since it undermines the functioning of a financial sector, jeopardizes the integrity of financial institutions, jeopardizes the private economic

sector by distortion of market competition, reduces the privatization effects and foreign direct investments. Economic consequences caused by money laundering can be classified into several groups depending on specific social environment in which these irregularities are taking place, such as:

Endangerment of privatization process– in times of transition, privatization and other changes, that bring along a change of ownership over the capital, layoffs, restructuring of management structure, it's logically to pay attention to the danger that comes from different forms of irregularities and criminal actions that can intensively affect employees, management structure of a company, owners and creditors. According to McDowell, 2001, "money laundering can have devastating consequences on efforts in privatization. Due to disloyal competition, launderers can defeat fair buyers who previously owned companies". A large quantity of illegally gained capital enables criminals when investing money through privatization and purchase of companies, to pay much more than the real value. According to Ungeru, 2007, such criminal behavior will artificially raise the purchase price of companies and make them unavailable for the fair buyers. They are primarily interested in concealing the origin of money, and are less interested in having a maximum return of money invested. This all implies that "money laundering" brings a risk for successfully implementation of privatization, according to McDowell.

Undermining the integrity of financial markets- banks, non-banking financial institutions and capital markets as institutions are crucial for economic growth of a country, and are the first one to be dealt by criminals dealing with "money laundering". Their activities jeopardize the growth of important financial institutions for two reasons. First, "money laundering" erodes the banking institution itself if dirty money is enabled to enter its flows, whether by non-compliance with money laundering prevention regulations or by corruption of certain bank officers. The second reason which is very important for developing countries is the trust of citizens into a banking system. If the trust is broken for the abovementioned reasons, then opportunity to have a fundamental development of sound financial institutions will be lost

Loss of control over economic policy – "Money laundering" can have an extremely bad impact as well as on foreign exchange rate as on interest rates. Money launderers prefer to invest in business in which the origin of capital is hardly to detect than in the business that provides them with larger profits. Financial crime and "money laundering" can lead to unusual and unexpected changes in money demand and increased instability of international flows of capital, cash and interest rates. Likewise, "money laundering" can increase the risk of monetary instability because such funds can be invested in a deliberate distortion of asset prices and commodities. Changes in money demand at the national level can lead to instability of exchange rates and interest rates. According to Quirk, 1997, the IMF found that the crime increased by 10% resulted in a 6 percent reduction of the overall money demand.

Loss of tax revenues - "Money laundering" can have huge consequences on the budget of the Government due to reduced tax revenues. Avoidance of reporting

income, or reduction of income, is one of the most general instruments for carrying out money laundering. Due to reduced revenues resulting from the "money laundering", the state reduces the opportunities for carrying out legitimate business activities. As every money launderer dreams of paying taxes, "money laundering" may increase the yield of the public sector, when reporting non-existent income for which the taxes are paid to the Government.

Deformation of saving and spending – "Money laundering" leads to deformation of the spending and saving and transformation of existing social structure establishing the social groups of nouveau riche. An ordinary citizen uses his money for daily expenses and savings, whereas the criminals who make a significant capital acquired through money laundering invest it in the purchase of goods such as art paintings, luxury boats, real estate, thus stimulating speculation and inflation. As a result, the changes will arise in import and export as well as the issues of balance of payments. Such products do not come from domestic economic activity and employment, thus they can lower domestic prices, reducing the profitability of domestic companies.

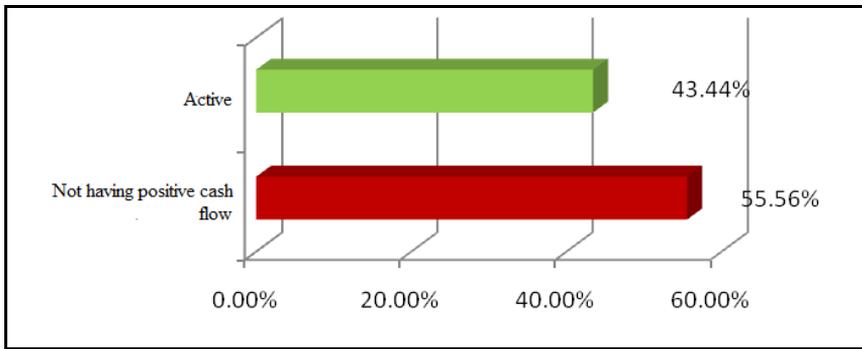
ILLEGAL CAPITAL IN PRIVATISATION AND EMPLOYMENT

As we believe that one of the basic methods of "money laundering" is investing through privatization from the off-shore destinations, we have analyzed some data of the Privatization Agency.

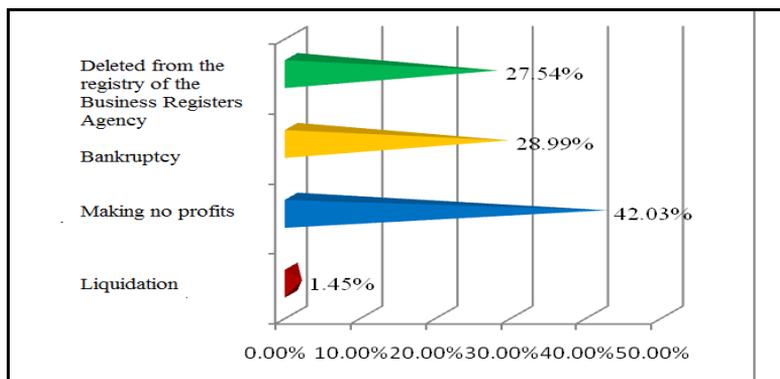
During the analysis of the available data of the Privatization Agency, it was observed that out of 817 privatizations that were carried out in accordance with the law since 2005, 122 companies were privatized by 10 natural persons with a total of 9941 employees. Out of 122 privatized companies, today 53 are active and doing profitable business, hiring 2,358 employees whereas 69 companies are not having positive cash flow for the following reasons:

Deleted from the registry of the Business Registers Agency	19
Bankruptcy	20
Making no profits	29
Liquidation	1

From these data it appears that a large number of natural persons were engaged in the aforementioned privatizations, and that a large number of privatized companies, 56% do not make profits, i.e. have positive cash flow.



Graph 2: Privatized active companies vs. companies that do not make profits (buyers: 10 natural persons)



Graph 3: Reasons for having bad business of the privatized companies (buyers: 10 natural persons)

Taking into consideration the aforementioned privatizations, it is observed that one natural person bought (privatized) several companies thus we systematized those data in the form of tables in accordance with the official data from the website of the Privatization Agency referring to the buyers of 122 analyzed companies in privatization.

Each table refers to a natural person and contains:

- Business activity of a company
- Whether a company is active
- Whether a company is registered on a buyer
- Number of employees at the time of privatization
- Number of employees at the time of compiling the table of the Privatization Agency
- Price of privatization in euros
- Business performance of a company at the time of compiling the table
- Whether the buyers of companies reported the tax on total personal income and capital gains.

Table 1: Natural person A bought (privatized) 21 companies in the period of 2005-2006.

Buyer	Business activity of a company	Active	Whether a company is registered on a buyer	No. of employees at the time of privatization	No. of employees today	Price of privatization in euros	Performance today	Tax returns
A	Retail	Bankruptcy	No	35	0	233.694	Bankruptcy	No
A	Mattress production	Yes	No	115	0	102.670	Positively	No
A	Driving school	Yes	No	27	12	415.000	Positively	No
A	Production of brooms and brushes	Yes	No	44	9	100.000	0	No
A	Metal waste recycling	Yes	No	93	104	416.364	Positively	No
A	Hotels with restaurants	Yes	No	128	1	125.000	0	No
A	Motor vehicles sale	Bankruptcy	No	79	1	105.000	Bankruptcy	No
A	Hotels with restaurants	Yes	No	94	15	65.000	0	No
A	Rough construction works	Yes	No	40	6	150.000	Positively	No
A	Wholesale –heating equipment	Yes	No	35	14	35.000	0	No
A	Rough construction works	Yes	No	41	11	90.000	Positively	No
A	Office furniture production	Yes	No	43	0	120.000	0	No
A	Placement of electrical installations	Deleted in BFA	No	151	0	50.783	Deleted in BFA	No
A	Production of plastic	Bankruptcy	No	156	0	295.210	Bankruptcy	No
A	Restaurants	Yes	No	49	8	197.733	0	No
A	Cereals and plants growing	Yes	No	58	37	401.429	Positively	No
A	Brick and roof tiles production	Yes	No	133	115	439.116	Positively	No
A	Production of spices	Bankruptcy	No	88	0	53.047	Bankruptcy	No
A	Production of metal structures	Yes	No	52	1	275.000	Positively	No
A	Construction of roads	Yes	No	32	3	27.000	0	No
A	Restaurants	Yes	No	85	28	120.000	Positively	No
	TOTAL			1678	362	3.717.046		

Typically for the privatizations done by this natural person A is that the purchased companies of various business activities are on the whole territory of Serbia. Out of 21 privatized companies, 4 are bankrupt, 1 company is deleted from the BRA, 9 have positive cash flow, whereas 7 make no profits. Out of 1,678 workers employed before privatization, there are only 362 hired. Even companies that have positive cash flow had a large reduction in the number of employees. None of the privatized companies that were privatized by this natural person is registered in his ownership structure. The total price paid for the privatization of these 21 companies was 3 717 046 euros. This natural person didn't report his taxes on total personal income, or on capital gains for the period 2005-2006, thus it is considered that the capital used in these privatizations is of illegal origin.

Natural person B has also privatized companies with various business activities in Serbia. Out of 10 companies, 2 are bankrupt, 1 deleted from the BRA, 5 have positive cash flow and 2 make no profits. Out of 1443 employees before privatization, only 385 are hired now. Even the companies that have a positive cash flow had a significant reduction in the number of employees. Out of 10 privatized companies, one company is co-owned by a natural person B which makes 2%, whereas the other 9 companies were not in his ownership structure. The total price paid for the privatization for these 10 companies was 10 251 439 euros. Natural person B did not report any taxes on total personal income or on capital gains for the period 2005-2006, so it is considered that the capital used in these privatizations is of illegal origin.

Natural person C has privatized companies with various business activities on the whole territory of Serbia. Out of 13 companies, 1 is bankrupt, 3 deleted from the BRA, 6 have positive cash flow and 3 are operational but making no profits. Out of 713 employees before privatization, only 185 workers are active now. Even the companies that have a positive cash flow had a significant reduction in the number of employees. The natural person C is neither in the ownership structure nor in any company. The total price paid for the privatization of these 13 companies is 5 109 546 euros. The natural person didn't report any taxes on total personal income or on capital gains for the period 2005-2006, so it is considered that the capital used in these privatizations is of illegal origin.

Natural person D has privatized companies with various business activities on the whole territory of Serbia. Out of 11 companies, 1 is liquidated, 4 deleted from the BRA, 5 have positive cash flow, and 1 operating without profit. Out of 750 employees before privatization, 117 workers are active. Even the companies that have a positive cash flow had a significant reduction in the number of employees. Out of 11 companies, 1 is co-owned by natural person D which makes 0.02%, whereas the remaining 10 are not in the ownership structure. The total price paid for 11 privatizations is 5 835 352 euros. The natural person D didn't report any taxes on total personal income or on capital gains for the period 2005-2006, so it is considered that the capital used in these privatizations is of illegal origin.

Natural person E has privatized companies with various business activities on the whole territory of Serbia. Out of 17 companies, 4 are bankrupt, 4 deleted from the BRA, 4 are operating positively, and 4 are operating without profit. Out of 1040

employees before privatization, 116 employees are active today. Even the companies that have a positive cash flow had a significant reduction in the number of employees. Natural person E does not appear in the ownership structure of any company. The total price paid for these 17 privatizations is 4 877 856 euros. The natural person E did not report any taxes on total personal income or on capital gains for the period 2005-2006, so it is considered that the capital used in these privatizations is of illegal origin.

Natural person F has privatized companies with various business activities on the whole territory of Serbia. Out of 12 companies, 1 is bankrupt, 1 is deleted from the BRA, 5 are operating positively, and 5 without profits. Out of 1232 employees before privatization, today 532 employees are hired. Even the companies that have a positive cash flow had a significant reduction in the number of employees. The natural person F does not appear in the ownership structure of any company. The total price paid for 12 privatizations is 2 899 985 euros. The natural person F didn't report any taxes on total personal income or capital gains for the period 2005-2006, so it is considered that the capital used in these privatizations is of illegal origin.

Natural person G has privatized companies with various business activities on the whole territory of Serbia. Out of 12 companies, 3 are bankrupt, 1 is deleted from the BRA, 5 are operating positively, and 3 without profits. Out of 1131 employees before privatization, today 193 employees are hired. Even the companies that have a positive cash flow had a significant reduction in the number of employees. Out of 12 companies, one company is co-owned by the natural person G which makes 0.02%, while he does not appear in the ownership structure of other companies. The total price paid for 12 privatizations is 2 400 505 euros. The natural person G didn't report any taxes on total personal income or capital gains for the period 2005-2006, so it is considered that the capital used in these privatizations is of illegal origin.

Natural person H has privatized companies with various business activities on the whole territory of Serbia. Out of 9 companies, 2 are bankrupt, 1 deleted from the BRA, 4 have positive cash flow, and 2 operating without profits. Out of 1004 employees before privatization, now 518 workers are active. Even the companies that have a positive cash flow had a significant reduction in the number of employees. Out of 9 companies, 1 company is co-owned by natural person H which makes 0.01%, while he does not appear in the ownership structure of other companies. The total price paid for 9 privatizations is 1 524 608 euros. The natural person H didn't report any taxes on total personal income or on capital gains for the period 2005-2006, so it is considered that the capital used in these privatizations is of illegal origin.

Natural person I has privatized companies with various business activities on the whole territory of Serbia. Out of 11 companies, 2 are bankrupt, 2 are deleted from the BRA, 5 are operating positively, and 2 are making without profits. Out of 736 employees before privatization, now 134 employees are hired. Even the companies that have a positive cash flow had a significant reduction in the number of employees. The natural person I does not appear in the ownership structure of any company. The total price paid for 11 privatizations is 1 524 648 euros. The natural person I didn't report any taxes on total personal income or capital gains for the period 2005-2006, so it is considered that the capital used in these privatizations is of illegal origin.

Natural person J has privatized companies with various business activities on the whole territory of Serbia. Out of 6 companies, 1 deleted from the BRA, and 5 have positive cash flow. Out of 214 employees before privatization, now 36 workers are hired. Even the companies that have a positive cash flow had a significant reduction in the number of employees. Out of 6 companies, 1 company is co-owned by natural person J which makes 0.01%, while he does not appear in the ownership structure of other companies. The total price paid for 6 privatizations is 2 339 652 euros. The natural person J didn't report any taxes on total personal income or on capital gains for the period 2005-2006, so it is considered that the capital used in these privatizations is of illegal origin.

CONCLUSIONS

The ascertainment is that the total of 6363 employees or about 64% out of 9841 initially employed at the time of privatization has lost their jobs within the period from 2002 to 2009 in the observed 122 privatizations. At the time of privatization there were 6492 workers employed in 53 companies which are now active and having positive cash flow. As we ascertained above, at the time of observation and analysis of 53 active companies, there were only 2358 employees, thus we can conclude that even those active companies had significant layoffs (4134). The tendency of layoffs (reduction of number of employees) in privatized companies is the aspiration of new private owners in order to have better capacity exploitation of employees and to make higher profits. The above-mentioned 10 natural persons have privatized 122 companies and bought them for a total amount of 40 156 638 euros. The analysis of data available in the databases of the Tax Administration of the Republic of Serbia determined that none of these 10 persons was covered by the analysis in the abovementioned tables, or reported their taxes on total personal income and on capital gains, thus such capital is considered to be of illegal origin. Such capital is considered to come from illegal flows, because there is no confirmation that any type of taxes are paid on it. Thus, it is most probably that this is illegally gained capital, which was "washed" through these privatizations. One part of this capital derives from the illegal activities from these territories, and the second part is returned to natural persons at the off-shore destinations, so it cannot be identified by the official data from the site of the National Bank. It is indicative that, looking at the ownership structure, persons who have privatized 122 companies, are registered as shareholders only in 5 companies having minor ownership percentages ranging from 0.01% to 2%. We can draw the conclusion from the above statement that the capital which was used in the privatization is not the capital of these natural persons who formally appear as buyers, but these persons are used as folding screens to hide the real owners of capital. With this procedure the real owners of capital avoid a possible check that would be directed towards auditing the legitimacy of capital used in the privatization. Taking into consideration the territorial distribution of privatized companies we've come to conclusion that the same was not of importance during the privatization, since each of 10 natural persons privatized companies regardless to the location in the Republic of Serbia. Likewise, we have determined that the business activity was not decisive in the privatization because

natural persons privatized companies with versatile business activities, which excludes the possibility of someone privatizing companies from certain sector in Serbia for the purpose of gaining a dominant position at the market in this sector. As the underlying economic criteria were not of crucial importance for the privatization of the observed companies, the question is what criteria were important. As it is obvious, one of the most important things was to hide the origin of capital used for privatization, and to purchase (privatize) the companies regardless of whether they could be revitalized and continue their production. A large number of companies, 69 out of 122, that do not operate positively confirm the thesis that the possibility of revitalization of the privatized companies and the continuation of production was not crucial for capital investments through privatization. The question is the economic logic of capital investment in such companies. The conclusion is that illegal capital is invested in such companies and that the capital is drawn from such privatized companies at high speed in a variety of ways (through the sale of business premises, fixed assets-production line, machines), in order to legalize the drawn capital in this way. Another way to drain the capital from the privatized companies is by taking bank loans, with a mortgage over property of that company so as to transfer the funds from the company on various ways to subsidiaries. In this way, the privatized company would remain with the liabilities towards the workers and banks, and a new business owner would get his clean capital which he invested in privatization. The economic logic of illegal capital is to invest and to gain the profits in a similar way as it was made, with a high percentage and quick turnover, and not to invest in production, where the profit percentage is uncertain and depends on market conditions, and the capital turnover is significantly slower.

Analyzing this kind of privatization in Serbia, where the capital control is absent which was used for the purchase of companies, it appears that this kind of privatization provides fertile ground for the various fraud and corruption, where complete market liberalization facilitates removal of capital from the country, which was acquired from illegal activities.

Approximately two-thirds of the privatized companies have bankrupted or facing bankruptcy! Many were a prey of domestic and foreign investors specialized in privatizations. Acquisitions by the would-be investors were subject to drainage actions of capital assisted by related companies registered in tax havens. Borrowing, purchases at inflated prices, set-up consulting services and other operations are borne by privatized companies, and the influx is directed into the off-shore companies. Only an empty shell remains from a privatized company - large liabilities towards banks and other creditors, unpaid taxes and contributions, and workers without a pay. During a research all the respondents or 100% of them believe that the capital flows between the off-shore zones and Serbia are used for the purpose of money laundering.

The privatization conducted in this way did not bring the expected economic growth on the basis of improving business efficiency, but it brought a destruction of the economy and radical increase of unemployment, with a unique of redistribution of property and economic power in favor of a small number of people.

Because of the wrong choice of the privatization model and the absolute neglect of the state where the companies are sold, for nearly 40% of companies that have been privatized, the purchase contracts were terminated, valuable time was lost as

well as capital of these companies. From 2001 to 2008, about 650,000 workers lost their jobs. According to Božo Drašković, 2010, the social and economic situation in Serbia is characterized by a high unemployment rate, low average income, uncompetitive economy, technological backwardness, high level of corruption, low level of unionization, disenfranchised labor, cheap and unprotected workforce.

Illegal capital has a negative impact on all the economic activities and disruption of financial market. If the activities around "money laundering" are not taken into consideration errors may occur in the representation of macroeconomic indicators, which will contribute to the formation of defects in the development of macroeconomic policy. In underdeveloped countries such as ours, the economic growth is stagnating at such extent that "money laundering" and financial crime manage to redirect funds of healthy investments into low-quality investments that conceal the origin of money. Because of this situation in Serbia, a quantification of illegal capital is necessary as well as determination of the index of correlation indicator caused by illegal capital.

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HUMAN RESOURCE MANAGEMENT AND ORGANIZATIONAL CITIZENSHIP BEHAVIOR³⁰

Biliana Alexandrova³¹

ABSTRACT

This paper aims to make a short overview of the theoretical understanding of the terms human resource management and organizational citizenship behaviour. Based on that, an empirical research was made in order to find out general tendencies in different industries in Bulgaria. The results show that there is no predominant human resource management approach as 51,4 % of the participants describe the HR policy in their company as personnel management oriented and the other 48,6 % - based on the human resource management model. The leading organizational citizenship behavior form is organizational compliance with mean value of $M=3,26$ and the one with smallest mean value of $M=2,87$ is the organizational loyalty. The results also show that the age of the participants and the industry they are working in influence the occurrence of different forms of organizational citizenship behaviors. Based on the received data, it was found that companies, where the predominant HR model is the one of the human resource management, the mean values for the altruism, participation and loyalty are higher than those in the personnel management approach and those are statistically significant: altruism ($F=6,05$, $p<0,05$) – HRM ($M=3,37$), PM ($M=2,88$), participation ($F=8,22$, $p<0,01$) – HRM ($M=3,25$), PM ($M=2,72$), loyalty ($F=11,45$, $p<0,01$) – HRM ($M=3,14$), PM ($M=2,61$) (HRM is for human resource management and PM for personnel management). Due to the small sample the results can't be generalized but these are a good basis for future research.

Key words: *Human Resource Management, Organizational Citizenship Behavior, Approaches*

JEL Classification: *O15, M12*

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INTRODUCTION

The human resource was underestimated before but recently it has been valued as one of the most important factors for the economic growth and development of the organizations. Many companies gain greater and greater consciousness of that and invest a lot in the psychological and subjective well-being of their employees, stimulating organizational climate and favourable conditions of the work environment. Choosing the right human resource management approach will build a strong bond and engagement of the employee to the organizational values and economic goals. This will go beyond performing only your daily job but will provoke the organizational citizenship behaviour that brings added value to the productivity and organizational climate. Together with this, the psychological capital management helps to reach an integral business model that makes one organization a leading player on the socio, economic and political field and gives competitive advantage of the organization in the battle for talents and resources.

HUMAN RESOURCE MANAGEMENT CONCEPT

The idea of human resource management is relatively new, compared to other spheres of business, economics and psychology. The concept started to develop at the end of the 18th century with the industrial revolution boom and labour organization. The production process demands a great number of workers of different age, race and class. Control and obligations delegations are leading but the labour is low paid and the conditions are bad.

Frederick Taylor's "scientific management" develops the idea of work specialization and educating the workforce in very specific skills which leads to the emergence of the so called "assembly lines" (Henderson, 2011). However, the human factor is neglected and people start losing motivation and interest in their work. Later, in the 1960s, Elton Mayo conducts the well known Hawthorne studies. It turned out that performance is interrelated not with the work itself (only) but with motivation, satisfaction, personal needs of the employees (Armstrong, Taylor, 2014). This put an accent on the behavioral aspects of the human resource management and the key factor for successful management – the human one.

A new perspective in the human resource management starts to develop in the 1980s and 1990s when the organization is treated as key competitive advantage that should be managed and developed effectively. Strategic planning becomes crucial management element (Reidy, 2015). The Chartered Institute of Personnel and Development (CIPD, <http://www.cipd.co.uk/>) has even developed a holistic concept that includes terms like „strategic“, „added value“, „client advantage“ and the idea for „cheaper, faster, easier“ production of goods and services (Francis, Keegan, 2006). The market economics and the „spirit of capitalism“ define the tempo and direction of the development of the organizations. The human resource management is part of the whole strategic policy of the company and human capital is the main production force and source of customer satisfaction and profitability. Selection, recruitment, talent

acquisition, management and retention are the basics of outstanding results of the business process. Those, who know how to manage this talent and workforce, are actually the one leading the company to success.

In the process of clarification and identifying of what human resource management is (or widely accepted as HRM) we encounter a lot of definitions (Armstrong, Taylor, 2014; Francis, Keegan, 2006; Henderson, 2011; Guest, 1987; Truss, et al., 1997; Ulrich, 1997; Bratton, Gold, 1999, etc.). Shortly, it can be defined as “all those activities associated with the management of employment relationships in the firm” (Boxall, Purcell, 2003). This includes: personnel selection, recruitment, onboarding, training, development, compensations and benefits, retention, definition of employment needs, competency mapping, appraisals, career paths, performance management, turnover, health and safety, motivation and many others. As a whole, HRM is a broad scientific field and every scholar is analyzing it from his/her own perspective.

PERSONNEL MANAGEMENT VS. HUMAN RESOURCE MANAGEMENT

One of the basic separations of the human resources is based on the model proposed by Guest (1987) for personnel management and human resource management, presented in the table below. The main differentiation is in the understanding of several crucial characteristics which divide the two concepts generally as administrative and bureaucratically vs. strategically oriented. Later in the research, this model is used as the basics of creating a short questionnaire which aims to investigate the leading style of treating and managing employees.

Table 1: Personnel Management and Human Resource Management

Characteristics	Personnel management (PM)	Human resource management (HRM)
Strategic nature	<ul style="list-style-type: none"> • Predominantly dealing with day-to-day issues • Ad-hoc and reactive in nature: a short-term perspective rather than strategic 	<ul style="list-style-type: none"> • Dealing with day-to-day issues; but proactive in nature and integrated with other management functions • A deliberately long-term,
Psychological contract	<ul style="list-style-type: none"> • Based on compliance on the part of the employee 	<ul style="list-style-type: none"> • Based on seeking willing commitment of the employee
Job design	<ul style="list-style-type: none"> • Typically Taylorist/Fordist 	<ul style="list-style-type: none"> • Typically team-based
Organisational structure	<ul style="list-style-type: none"> • Hierarchical • Tendency to vertical integration 	<ul style="list-style-type: none"> • Flexible with core of key employees surrounded by peripheral shells

Remuneration	<ul style="list-style-type: none"> • Collective base rates • 'Pay by position' • Any additional bonuses linked to Taylorist work systems 	<ul style="list-style-type: none"> • Market-based • Individual and/or team performance • 'Pay for contribution'
Recruitment	<ul style="list-style-type: none"> • Sophisticated recruitment practices for senior staff only • Strong reliance on external local labour market for most 	<ul style="list-style-type: none"> • Sophisticated recruitment for all employees • Strong internal labour market for core employees. Greater reliance on
Training/development	<ul style="list-style-type: none"> • Limited and usually restricted to training non-managerial employees. Narrowly job-related. Management development limited to top executives and fast-track candidates 	<ul style="list-style-type: none"> • Transformed into a learning and development philosophy transcending job-related training. An ongoing developmental role for all core employees including non-management. Strong emphasis on
Employee relations perspective	<ul style="list-style-type: none"> • Pluralist: collectivist; low trust 	<ul style="list-style-type: none"> • Unitarist: individualistic; high trust
Organisation of the function	<ul style="list-style-type: none"> • Specialist/professional • Separated from line management • Bureaucratic and centralised 	<ul style="list-style-type: none"> • Largely integrated into line management for day-to-day HR issues
Welfare role	<ul style="list-style-type: none"> • Residual expectations 	<ul style="list-style-type: none"> • No explicit welfare role
Criteria for success of the function	<ul style="list-style-type: none"> • Minimising cost of human resources 	<ul style="list-style-type: none"> • Control of HR costs, but also maximum utilisation of human resources over the long term

Source: Henderson (2011); Guest (1987)

Some other authors use similar classifications. Armstrong (2006) speaks about 4 types of management – people management, personnel management, human resource management, human capital management. Linda Reidy (2015) makes a parallel between personnel and human resource management on the basis of 4 factors – integration, strategy, employees-managers relations and organizational design. Joe Duke II & Ekpo Nya Udon (2012) are just other researchers who follow up the tendency switches in the HRM practices. The role of the HR business partners is integrated in the whole strategic policy of the companies as it's a bridge between the management, the employees and the business. The workforce becomes more flexible and multi-functional. The recruitment processes focuses on the professional and educational background but together with this – on the adaptability and fit to the existing teams (DukeII, Udon, 2012; Francis, Keegan, 2006). So the main goal of the HR experts is to meet the best company with best employees.

“HARD” AND “SOFT” HRM MODELS

Another very popular classification of the HRM models is the one of the “hard” and the “soft”. This differentiation is quite popular in the business but it also has quite solid theoretical background. Usually, the hard models treat the

human resource as equal to all the other resources in the company. The focus is on the organization itself, its goals and functional needs. The soft models on the other side are built on the personality traits, emotions and behaviors of the employees. This somehow reflects the “X and Y” theories of McGregor where the first emphasis the production processes and the final result and the second one – people’s satisfaction and personal value for reaching the goals (Truss, et al., 1997; Reidy, 2015; Armstrong, 2006).

One more well known model is the “7-s model” of the McKinsey Consulting Group (<http://www.mckinsey.com/>). It also divides the “hard” and the “soft” in the HR. The hard part includes the structure, systems and strategy and the soft one – style (of the management), staff, skills and shared values. This somehow is a continuation of the previous said. When the focus is on the personnel management, the important thing is understanding the organization as a structure that functions due to different systems and long-term strategy. Employees are valued as a means for reaching the goals. When you want satisfied, motivated and involved people, you choose inspiring leaders that appreciate and develop skilled and talented professionals, share values and everyone is involved in the strategic planning and forecasting. This is actually the next step to strategic HRM where the HRM is part of the whole organizational strategy (Wright, McMahan, 1992).

ORGANIZATIONAL CITIZENSHIP BEHAVIOUR CONCEPT

Organizational behavior is a scientific sphere of great interest. How people behave and why they are behaving in a specific way is a subject of various researches. More interesting, however, is what makes people put extra efforts in what they do? What is the key driver of performing more without being asked for that? What makes you pro-social and extra-role person?

The idea of organizational citizenship behavior starts to develop at the beginning of 20th century but it gains a solid research base in the 1980s and 1990s, mainly with the researches of Dennis Organ who defines the concept as “individual behavior that is discretionary, not directly or explicitly recognized by the formal reward system, and that in the aggregate promotes the effective functioning of the organization. By discretionary, we mean that the behavior is not an enforceable requirement of the role or the job description, that is, the clearly specifiable terms of the person’s employment contract with the organization; the behavior is rather a matter of personal choice, such that its omission is not generally understood as punishable” (Organ, 1988). That’s why it is usually associated with extra-role or prosocial behavior, organizational spontaneity and other similar (Dyne, et al., 1994; Smith, et al., 1983). In other researches were examined the antecedents of the organizational citizenship behavior. It was discovered that satisfaction, fairness and organizational commitment correlated with such behaviors (Organ, Ryan, 1995). Personal factors such as positive job attitudes, situational factors as the organizational values, job characteristics also influence the “out of the role behavior” (Dyne et al., 1994). All this proves that the phenomenon is a complex one and depends on personal as well as on situational and organizational factors

that may vary. It might not be a constant behavioral model but one to be provoked by different stimuli. The important is what will be the final outcome and what benefits the employee will have. This, however, is valid for the profit of the organization. Loyal, comitted, satisfied “good soldiers” (Organ, 1988) are the key factors of success. This is tightly related with the concept of the human resource management approach which is based on the personal needs of employees. When someone is given the freedom to excel this may lead to creativity and alternative thinking and give the desired results. Very often it’s not enough to do your job but to do it passionately. It’s about the morale of the employer and stated at the beginning expectations that are lately met. Nowadays, people are very eager to prove themselves, to show more and more but if they don’t meet adequate management approach they are ready to leave. In the business world is accepted the formula, according to which performance is a function of the motivation, skills and the situation. If any of them is not high enough, the overall performance suffers. So, the management approach is also crucial in creating comittment, engagement, productivity and satisfaction.

There are different clasiffications of the types of organizational citizenship behavior. One of the most accepted and widely used has 7 (Podsakoff, et al., 2000; Organ, 1988):

- **Helping behavior** - helping behavior involves voluntarily helping others and preventing the occurrence of workrelated problems. This means that such are provoked by the personal will of the employee to facilitate the work of the coworkers, demonstrating courtesy and intentions for the well-being of all.

- **Sportsmanship** – the idea of the sportsmanship is somehow related with the equality tolerance and overcoming the unfavorable conditions. Employees that show such behavior do not complain, accept criticism and confrontation of their ideas, adapt to inevitable inconveniences and are ready to sacrifice themselves in the name of the good of the work group.

- **Organizational loyalty** – this is a well-known construct in organizational and work psychology. Closely related with comittment to the organization, loyalty is deeply implemented belief in employee’s behavior. The loyal ones promote their organization to outsiders, defend its image, values and goals. No matter of the conditions, the company that someone is working in is the best working place and this employee has the tendency to stay in and support it in long-term period.

- **Organizational compliance** - this dimension captures person’s internalization and acceptance of the organizational rules, regulations, and procedures, which results in strict adherence to them, even when no one observes or monitors compliance. The “good citizen” is the one that doesn’t need constant control in order to fulfill his/her tasks and even to excel the normally expected.

- **Individual initiative** – business organizations nowadays value most the outstanding performers that go beyond their job description tasks. Those are the people with intrinsic motivation and internal locus of control that want to do more and more. These employees are not satisfied only by the completion of given task but with optimizing the processes, giving ideas, even learning and developing

themselves in order to achieve more and more. They don't like waiting the change to come but want to earge it and manage it.

- **Civic virtue** – this type of organizational citizenship behavior represents a macro-level interest in the organization as a whole. “This is shown by a willingness to participate actively in its governance (e.g., attend meetings, engage in policy debates, express one’s opinion about what strategy the organization ought to follow, etc.); to monitor its environment for threats and opportunities (e.g., keep up with changes in the industry that might affect the organization); and to look out for its best interests (e.g. reporting fire hazards or suspicious activities, locking doors, etc.), even at great personal cost. These behaviors reflect a person’s recognition of being part of a larger whole in the same way that citizens are members of a country and accept the responsibilities which that entails” (Podsakoff, et al., 2000).

- **Self-development** – in order to excel and be outstanding, everyone should constantly learn. When you are self-development oriented you do not wait for the organization to train you but you are the one who involves in different professional courses that enrich your knowledge. Those employees are usually engaged with different certification and qualification programs and spend a solid amount of time in following the latest tendencies in their professional sphere.

Consequences of organizational citizenship behavior have impact on several levels (individual, group, organizational) and somehow affect the organizational life. In some researches (Bolino,Turnley, 2005) it turns out that there is a strong relationship between the individual initiative and the work-family conflict, especially about women. Other show that different types of organizational citizenship behaviors are positively related to ratings of employee performance and to reward allocation decisions and negatively related to employee turnover intentions, actual turnover, and absenteeism. On the organizational level those were positively related to a variety of organizational effectiveness measures (e.g., productivity, efficiency and profitability) and customer satisfaction and negatively related to costs and unit-level turnover (Podsakoff et al., 2009). As a whole, understanding the effects of organizational citizenship behavior is not simple. The bigger part of the research data has focused on the nature, predictors and antecedents of this phenomenon. However, in the recent years it has become quite valuable to have the knowledge of the consequences of the organizational citizenship behavior and to manage them effectively as a part of the whole human resource management strategy.

EMPIRICAL RESEARCH

Sample

The sample of the current research includes 70 participants, 20 (28,6%) of which men and 50 (71,4%) women. 28 people (40%) are between 21 and 30 years, 23 (32,8%) – between 31 and 40 years and the remaining 19 (27,1%) – between 41 and 55 years. Only 4 of the respondents (5,7%) do not have university degree. The average years of total working experience is 13 and when it comes about the one in

the specific organization – it is 5 years. Regarding the level that the participant is having in the organization, we have 22 specialists (31,4%), 16 senior specialists (22,9%), 12 (17,1%) middle management level representatives, 9 (12,9%) junior specialists, 7 (10%) team leaders and 4 (5,7%) high management level representatives. In respect to the industry, we have people from various ones with 11 Human Resource Professionals (15,7%), 9 people from the Finance, Banking and Insurance sector (12,9%), 7 people from Educational Institutions (10%). The poorest represented sectors are Engineers and Non-Governmental Institutions – with only 1 representative (1,4%).

RESULTS AND DISCUSSION

This research paper aims to find out a tendency in the human resource management approaches and the organizational citizenship behavior which will be the basis for detailed future research. Due to the small number of only 70 participants the results can't be generalized but to some extent they confirm the theoretical background and give new directions for investigation.

The human resource management approaches were examined with short questions, based on the model of David Guest for personnel and human resource management (Guest, 1987; Henderson, 2011). Using the 11 dimensions of comparison between the 2 models, 11 double items were created. The participants should pick one of them. Then, they gather a total sum and all the results between 11 and 16 stand for personnel management approach and all from 17 to 22 – human resource management (1 point is given to the PM item and 2 for the HRM item).

After the statistical analyses it turned out that 51,4% of the participants define the HR policy in their company as personnel management oriented and 48,6% as human resource management oriented. Actually, it seems that the difference is quite small and the 2 models are not very well differentiated. One of the possible reasons is the small sample. Another one, however, is the instrument used. This is not a tested instrument and its consistency and validity are not checked. Despite this, it might be developed for future researches and increase the significance of the results gained. Very often participants can't decide what the general tendency in their companies is and pick the one that is closer to their current situation.

Together with the predominant HR model, the general satisfaction of the interactions with the HR specialists in the company and the opinion about the quality of the HR services were checked by 2 simple questions which answers were rated from 1 to 5. 30% of the respondents can't define the general satisfaction of the interactions with the HR specialists, 34,3% define it as low or relatively low and the rest 35,7% say it's high or relatively high. 37,1% of the participants in the research can't say what is the quality of the HR services in their company, again 37,1% claim it's not satisfactory and 25,7% define it as good or excellent.

These results are somehow informative and reflect the current situation in many of the companies in Bulgaria. Most of the people don't want to be extreme in their judgement. Usually, the number of the satisfied and the unsatisfied with the

HR is the same but regarding the so called „negative thinking“ of the Bulgarians, they are ore prone to clasify the services quality as low. Other understanding of those results may come from the high standards that the international companies put and follow. Most of these companies focus on their business and the benefits and less on a functioning HR system. The HR professionals are treated like just administrators and not so much associated with learning and development functions. If this is vice versa (which can also be seen and is not an exclusion) they are constantly compared globally and there is a demand for them to catch up.

Regarding the organizational citizenship behavior construct, organizational compliance has the highest mean value (M=3,26), followed by altruism (M=3,12), obedience (M=3,04), participation (M=2,97) and loyalty (M=2,87) with the lowest result. Despite the fact that organizational citizenship behavior is often related to “extra-role“ behavior (Dyne, et al., 1994; Smith, et al., 1983) it is deeply associated with the organizational behavior, following the internal rules and policies and sharing the same goals. The „good soldier syndrome“ (Organ, 1988) examines the tendencies of helping others in the adaption to the work processes and the readiness of the current employees to support the newcomers. Nowadays, it’s widely accepted pratice and many companies even have „welcoming ambassadors“ who take care of the new joiners.

These results show that loyalty as an organizational citizenship form is the least presented. The concept itself is understood differently. Working in a dynamic industry, where new companies emerge every day, offer more oppourtunies and challenges, makes it hard to stay in one organization for a long period of time. Young generations have high expectations and demands and become easily dissatisfied and demotivated if they don’t find what they want. Loyalty is not always clearly defined, the goals, mission, vision of the company are ambiguous and people jump into the search for security and well-defined career path.

It was also interesting to check the dependencies and relations between the constructs and the demographic characteristics. The results from the one-way ANOVA showed that sex, education, the total working experience of the participants and the working experience in their current organization and the level of the position that they are occupying don’t influence the dimensions of organizational citizenship behavior and personnel management/HRM model. The statistically significant data showed that obedience and compliance as forms of organitzational citizenship behavior are dependent on the age (age groups) where for obedience $F=3,77$, $p<0,01$ and for compliance - $F=2,49$, $p<0,05$. The interesting fact is that in both (obedience and compliance), the people aged 51-55 years have the highest mean value – respectively $M=3,78$ and $M=3,89$ and those between 36 and 40 years – the lowest – $M=2,48$ and $M=2,64$. This coincidence might be strange but the 2 forms of organizational citizenship behavior are close in their essence. The one who stands for the internal rules and procedures and integrity of personal and organizational goals will obey the policy and regulations that are in progress and are working. This is much more visible within the people that are foreseeing their retirement and don’t want to create more stress and pressure. People in the „middle-age crisis“ are usually mid- and senior level managers,

leading the change and managing the work dynamics. They are the ones who create the companies in the way they are, they show the way to be followed. And those people expect to be obeyed by their subordinates.

The sample of this research is quite heterogeneous and there are participants from different industries. We can't claim with certainty that the discovered is valid for all representatives of a given sector but we may say, based on the results, that people from the Information Technologies sector have highest mean values for participation and loyalty ($M=4,08$ and $M=1,97$) with $F=1,94$, $p<0,05$ and $F=2,62$, $p<0,01$ respectively and the lowest ones are for Supply Chain and Logistics ($M=2,03$) and PR, Marketing and Advertising ($M=1,97$).

"IT guys" are very specific type of employees from HR perspective. There is a lack of good professionals and they know this. Those specialists are very demanding and they are used to increased attention, attractive social benefits, high standard working conditions. Together with this, they very often work in projects which is related with individual initiative, proactiveness and participation. When one company provides all this and shares the same value, that employee is willing to stay loyal and to develop himself/herself together with the company. Very often these people grow fast in the hierarchy and take managerial positions.

Based on the received data, it was found that companies, where the predominant HR model is the one of the human resource management, the mean values for the altruism, participation and loyalty are higher ($M=3,77$, $3,25$ and $3,14$ respectively) than those in the personnel management approach ($M=2,88$, $2,72$ and $2,61$ respectively) and those are statistically significant with the values as follows: $F=6,05$, $p<0,05$, $F=8,22$, $p<0,01$ and $F=11,45$, $p<0,01$. For all three forms of organizational citizenship behavior the "people oriented" HRM approach is more stimulating. When the focus is put on resource planning, learning, development, active involvement in the organizational processes, people are more altruistic, ready to help, take the initiative and be loyal. An employee that is given the freedom to take decisions and feel satisfied and motivated is much more productive (Armstrong, Taylor, 2014). Trying to force someone to do something will cause the counter effect – denial to perform the duties. Actually, the main idea of the organizational citizenship behavior is the voluntary part. This is internal motive provoked by personal believes, values, ethics. If the environment stimulates you to develop your skills and keeps your motivation, you will perform well. If any of this is missing, your productivity goes low and everyone loses. So, those who know how to manage efficiently the human resource, know how to make an organization successful.

CONCLUSION

Human resource management practices are the key generator of the company profitability and market positioning. This is a widely investigated topic that continues to flourish in regards with scientific research. Closely related to it is the organizational citizenship behavior which is an integral part of the HRM system.

This article doesn't pretend for generalized conclusions due to its limitations as the sample, the instruments used (the questionnaires), the statistical analyses, etc. But it shows interesting tendencies that might be deeply investigated in future researches. One of those is the lack of differentiation of the personnel and human resource management models. It's expected to see more indications for the second. Organizational compliance is the most presented form of organizational citizenship behavior and loyalty – the least. This put questions for the influence of age, sex, industry, position level, etc. and how they affect these behaviors. This is also valid for the interrelations between the human resource management models and the organizational citizenship behaviors.

As a short conclusion it might be said that the human resource management approach is more stimulating and provoking different manifestations of helping behaviors, civic virtues, individual initiative and so on. When a definite direction of the influence is discovered and managed wisely, this will bring the final success.

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REWARD SYSTEM IN THE SERVICE OF KNOWLEDGE MANAGEMENT

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ABSTRACT

One of the basic problems of successful knowledge management in modern society is motivation of knowledge employees. In many cultures, it is considered that knowledge gives power so that often employees are not interested in sharing their knowledge with others. In addition, some experts, aware of their knowledge and skills, easily join competitor companies, motivated by better working conditions and remuneration. In this paper, we try to determine whether there is a connection between employee reward systems and effective knowledge management. Presuming that employees' motivation is affected by reward systems and that effective knowledge management is affected by employees' motivation, we have sought to determine how reward systems can be used in order to improve knowledge management. Using historical, description and compilation methods, through the analysis of hitherto studies, we have concluded that there is a strong correlation between reward systems and knowledge management. We have also discovered that these studies manifest significant differences in terms of the impact of rewarding on knowledge acquisition, sharing and retention

Key words: *Reward System, Salary, Motivation, Knowledge Sharing, Knowledge Management.*

JEL Classification: *D 83, J 28*

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INTRODUCTION

Knowledge management is a very complex management discipline. An adequate knowledge management system helps the organization to acquire, relate and increase the knowledge that it possesses and to use this knowledge to improve its performance. Employees usually believe that the knowledge that they possess gives them power and helps them to secure their positions in the organization, so that they are not willing to share it with others. Many of them believe that knowledge is a private, not public, good. Also, after a certain period of time, employees leave the company taking with them valuable experience and technical knowledge that they have acquired in the organization, as well as their networks of professional contacts. In this way, not only does the company not increase the existing knowledge, but it loses some of that knowledge through departure of educated, qualified and experienced workers (Lahaie, 2005).

Faced with the problem of knowledge sharing and knowledge drain, numerous authors have dealt with the issue of how to motivate employees to reveal and share the knowledge that they possess. In order for the organization to retain a critical level of knowledge, there must be an adequate knowledge management system. A key factor to the effectiveness of this system is certainly people, and one of the strongest employee motivators is the reward system. Various studies have shown that an adequate reward system can contribute to greater employee satisfaction and, consequently, motivation, which leads to greater productivity and efficiency.

These are the very reasons for which we have decided to analyze this problem. Although there are not many papers dealing with the above-mentioned topics, we will give an overview of several studies which have, in our opinion, led to significant discoveries and interesting conclusions. Also, we will explain in more detail the concepts of knowledge management system and reward system so that readers who are not familiar with these topics may understand the mutual interconnections between these two systems. At the end, we will show the results of our research conducted among future knowledge workers for the purpose of presenting their opinions and expectations regarding the valuation of participation in knowledge acquisition and sharing.

KNOWLEDGE MANAGEMENT

Knowledge management can be defined as creation of a stimulating environment within the organization that will encourage knowledge acquisition and sharing. It involves changing the organizational culture and creation of visionary leaders, motivated personnel, loyal customers and the systems and processes that enable all these mentioned things (Kermally, 2002).

Knowledge management also involves knowledge employee management that is, motivating knowledge employees to acquire knowledge and to participate in its sharing through the organization. The role of the human resource management in

this motivation process is great because its basic task is to provide the company with the necessary intellectual capital (Armstrog, 2006).

Knowledge sharing is a critical activity in knowledge management because the largest number of barriers in knowledge management is related to this activity. American Productivity and Quality Center (APQC) has identified main barriers to knowledge sharing. There are four reasons for which knowledge sharing is not adequate (O' Dell-Grayson,1998).

- Ignoring. The person possessing certain knowledge does not realize that it may benefit to someone else. On the other hand, the person who may benefit from that knowledge does not know that there is someone in the company who already possesses that knowledge.
- Lack of absorption capacities. Employees often waste time, money and resources looking for information that they do not need.
- Lack of connections among employees. People often absorb knowledge from people who they know, respect and love. If two managers do not know each other, there is little chance that they will incorporate their knowledge and experience into the business.
- Lack of motivation. People do not see a clear business reason for knowledge transfer.

It can be concluded that the success of knowledge transfer depends upon employees' motivation and their position within the organization. Tampoe(1993) identifies four key factors to knowledge employees' motivation: Personal development; Professional autonomy; Contribution to the organization; Money rewards.

As mentioned, one of the motivators for knowledge employees is the reward system. It is thought that proper incentives that comprise both material and immaterial rewards can significantly contribute to adequate knowledge management, that is, to motivating employees to actively participate in knowledge acquisition and sharing. Special attention should be paid to rewarding mentors because it is them that the success of knowledge sharing largely depends upon. Effective knowledge management implies that the company should recognize persons who are its knowledge multipliers and value and reward these persons in a proper way.

THE REWARD SYSTEM

According to the Harvard concept, the salary and reward system is considered to be one of the most important components of human resource management which affects employees' motivation. This is a complex concept comprising various forms of motivation aiming to improve employees' financial situation.

Reward system creation and implementation is one of the most complex activities within human resource management because salaries are very important to all employees (Gerencher 1999: 83-84).

The reward system comprises two kinds of rewards - material and immaterial. Material rewards are comprised by the salary system while immaterial rewards include: respect, status, advancement possibilities, job characteristics, etc.

The salary system is part of the reward system that comprises all material rewards which the employer gives to employees in exchange for their work. Employees see their salaries as income in the process of exchange with their employer where salaries can be either rewards for the membership in the organization or a compensation for a job well done. Employees can view their salaries as the yield on investment in their education and development. On the other hand, employers believe that salaries should be directly linked to the company's financial performance and that they are the biggest expense for the company (Milkić-Bogičević 2006).

Salaries consist of fixed and variable parts. The basic salary, the fixed part, is formed on the basis of the jobs and tasks that the employee performs in the workplace. It depends upon the type of work, that is, the jobs and tasks that the employee performs, labour costs as well as inflation (Armstrong, 2006). It is necessary to emphasize that it does not depend upon the employee's performance.

The variable part of the salary depends upon the employee's knowledge, skills and abilities. These abilities must contribute to higher work efficiency. Salaries formed on the basis of employees' knowledge and performance can be paid out through a permanent increase in basic salaries, which is most often based on various employee ranking systems. Long-term stimulations are based on employees' performance over the years.

The total reward concept has appeared recently and it has a significant impact on the reward system management. The total reward definition comprises both traditional, measurable elements such as salaries and fringe benefits, as well as immeasurable elements which are based on learning and development, employment duration, responsibility and motivation. The total reward system attempts to create a work environment that will meet employees' needs and contribute to their additional engagement in achieving company goals (Armstrong, 2006).

The concept is based on the development of a reward policy that will provide the achievement of the following goals:

- Creation of rewards that will attract, keep and motivate high-quality workers,
- Maintenance of a competitive salary rate,
- Rewarding people according to their contributions,
- Recognition of all employees that have participated in achieving a contribution for the organization,
- Provision of a certain degree of flexibility in the reward system,
- Transfer of greater responsibility for making decisions about rewarding to departmental managers.

Salaries can be based on individual performance, on team performance or a whole organizational unit's or the whole company's performance. In this case, salaries are calculated on the basis of the volume of production, savings in costs,

meeting quality standards or the increase in profits. In addition to the basic salary, these stimulating parts of the salary are becoming more and more appealing to employees and they have a significant impact on their motivation.

Business results of many companies show that relating salaries to individual performance has positive effects on company profits. Also, studies on the impact of salaries on group performance, which have been conducted in several large companies, speak in favour of the model of forming salaries on the basis of group performance. The studies show that companies which have determined salaries in this way have increased their annual performance by 4% to 6% (Leković –Šušnjar, 2009).

It is important that companies should decide how significant employees' competencies are for their business and, if they are significant, how they will be valued. The basic role of the reward system in organizations is to harmonize employees' individual interests and strategic company goals through attracting and keeping capable people, encouraging and stimulating employees to develop their abilities and knowledge as well as through creating a culture in which employees care for company results (Milkić-Bogičević, 2006).

The reward system has a significant impact on employees' satisfaction and their attitude towards work and the organization. An adequate reward system may contribute to the creation of a healthy organizational climate. Due to these claims, many authors see stimulations as an opportunity for motivating employees to actively participate in knowledge acquisition and sharing as one of the main components of the knowledge management concept. It can be concluded that the reward system strategy and structure have a significant impact on the organization's performance and its ability to establish and maintain a competitive advantage in the market.

REWARD SYSTEM IMPACT ON KNOWLEDGE SHARING

Knowledge is an important resource for gaining a competitive advantage. The amount of knowledge which the organization possesses and which is located in its employees' heads depends upon the employees' willingness to reveal their knowledge and put it at the company's disposal. Knowledge sharing in the knowledge management system implies that employees should participate in the system by means of their contributions to knowledge storing as well as knowledge usage (Goodman –Darr,1998). Employees' willingness to share their knowledge and experience with others within the organization depends upon many factors and is one of the main barriers to effective knowledge management.

Employees usually state the following reasons for not wanting to share their knowledge: sense of the loss of power that knowledge gives them, sense of the waste of time and the opinion that knowledge will be misinterpreted (Davenport-Prusak,1998; O'Dell- Graison, 1998).

When thinking about how to motivate workers to participate in the knowledge sharing process, we presumed that the level of employees' satisfaction has an impact on their preparedness to reveal and share the knowledge that they possess. Also, believing that an adequate reward system has an impact on employees'

motivation, we made another presumption that the reward system had a positive impact on knowledge acquisition and sharing in organizations.

Scientific literature shows that many authors have dealt with job satisfaction, but they have mostly focused on the relation between employees' satisfaction and their performance, the achieved turnover, etc. Some authors have examined the impact of the organizational culture and various management styles on knowledge sharing, but not specifically the relation between employees' satisfaction and their participation in knowledge management.

The organization's business results in modern environment depend upon employees' motivation to perform their jobs successfully. Motivated workers are satisfied with their jobs, dedicated and productive. Managers must find ways to motivate their employees and make them feel satisfied so that the results may be in accordance with expectations (Shiva et al., 2011).

One of the factors to job satisfaction is the employee reward system so we wish to draw some conclusions about the indirect impact of the reward system on employees' motivation to share their knowledge.

In 2014, Suliman and Al-Hosani published a study which investigates and presents the relations between employees' satisfaction and knowledge sharing. They investigated these relations in companies operating in the United Arab Emirates and the Middle East, which mostly engage in the production and distribution of oil and oil derivatives. The research was conducted in six oil companies from Abu Dhabi and it comprised 488 subjects. The initial presumption was that job satisfaction was influenced by the following factors: salaries, relations among employees, advancement possibilities, job nature and management styles. The authors studied the correlation between these factors and knowledge sharing, that is knowledge reception and transmission as components of knowledge sharing.

On the basis of the statistical analysis of the collected data, they have concluded that there is a significant and positive relation between job satisfaction and knowledge sharing, that is, that greater job satisfaction will increase employees' willingness to contribute to knowledge sharing.

Also, it is important to point out that there has been discovered a significant relation between the job nature, management styles and advancement possibilities and employees' willingness to participate in knowledge sharing. Although it was expected that salaries would have a significant impact on employees' behaviour, their influence on behaviour contributing to knowledge sharing was minimal.

From this research, which was conducted in a specific organizational environment, we can conclude that a certain reward system may have an impact on effective knowledge management but only in combination with other factors that have influence on employees' motivation.

Some studies claim that reward systems have a significant impact on knowledge sharing and that an adequate reward system is a good investment for the company (Bartol – Srivastava,2002). Kankanhalli (2005) has also determined that rewards can motivate individuals to take part in knowledge sharing.

However, other studies reveal that material rewards are not as effective as it is expected. A research conducted in the Samsung company has shown that the reward system can encourage employees to contribute to knowledge acquisition, but that there is a problem with the quality of the knowledge that individuals share with others and with ensuring the quality of that knowledge. Some authors even claim that rewards have a negative impact on knowledge sharing (Bock et al., 2005).

According to Hendrix (1998), employees' willingness to share their knowledge is much more influenced by factors such as responsibility, job characteristics, work autonomy, etc., than by salary, bonuses or penalties. On the other hand, Davenport and Prusak (1998) emphasize that the reward system is a critical factor in the knowledge sharing system, that is, that a well-defined reward system has a significant impact on employees' willingness to share their knowledge. Starting from the fact that individual knowledge is not easily transformed into organization knowledge and that individuals often amass knowledge without clear reasons, a group of authors has tried to determine whether certain factors can stimulate employees to participate in knowledge sharing (Gee-Woo et al., 2005). The study comprised 154 managers from 27 Korean organizations and it has led to significant results. Namely, the authors have concluded that individual attitudes, subjective norms and organizational cultures have an impact on knowledge sharing. Contrary to expectations, the study has shown that additional rewards and incentives have negative effects on individual attitudes towards knowledge sharing.

It has been concluded that, in spite of the widely accepted opinion that the reward system is linked to knowledge management, this study shows that the reward system can hinder knowledge sharing rather than encourage it. The authors also state that this can be a manifestation of the specifics of the organizations in which the study was conducted, as well as the organizational climate in these organizations.

This study has certain shortcomings due to the fact that the analysis did not deal with the barriers that appear in the process of knowledge sharing, such as barriers in terms of time and place, and cognitive and structural barriers (Dixon, 2000; Hinds, Pfeffer, 2003) so all its results should be taken with caution.

The contribution of this study lies in the fact that it has once more proved that the reward system does not have great influence on either employees' motivation or adequate knowledge management. These are much more influenced by corporate culture and employees' awareness of the importance of knowledge acquisition and sharing.

After analyzing these and similar results, we can conclude that, although some workers are intrinsically motivated, we must not neglect the importance of rewarding workers. Although certain rewards may not have a significant impact on motivating employees to share knowledge, they must be present in order for the organization to show that it appreciates its experts. The reward system through which knowledge is recognized will have an impact on employees' feeling that they are valued, that their work is monitored and that their contribution is appreciated, and this is what every worker expects and what motivates him/her to a large degree.

On the other hand, if we view knowledge as capital, it is clear that it must be valued and paid adequately, so although some studies do not speak in favour of reward systems, modern organizations must not ignore these facts.

A study conducted in the Arab countries (Al-Busaidi et al., 2010) has led to the conclusion that salaries have a significant impact on employees' motivation to participate in the knowledge management system. This is a specific culture in which knowledge is viewed as power, so it is extremely difficult to stimulate employees to participate in its sharing. The study shows that employees' motivation to participate in knowledge sharing is significantly influenced by the reward policy and management support. Also, the study emphasizes that, in addition to material benefits, workers who participate in knowledge sharing gain immaterial benefits as well, such as respect in the organization, status, greater performance, etc.

A group of authors has tried to explain sharing of explicit and tacit knowledge through the organization using a game theory model (Xi -Zhang et.al, 2010). The study conducted in IT companies in China in 2010 has yielded some interesting conclusions. The reward system can have a positive impact on knowledge sharing in the case of explicit knowledge. The authors emphasize that they have not found that the reward system has a significant impact on tacit knowledge, that is, that it contributes to tacit knowledge revealing and sharing. They also point out that rewards can mislead employees, that is, encourage the sharing of knowledge that is not of satisfactory quality. The authors mention several reasons for this:

- new employees feel that they do not have enough high-quality knowledge that could contribute to the organization,
- the period of rewarding is not long enough or the prizes themselves are not attractive enough,
- Employees do not have enough time for knowledge sharing, that is, the costs of the lost time are too high.

It is stated that the biggest shortcoming lies in the fact that the value and quality of employees' contributions cannot be easily measured and rewarded. The authors mention two strategies that could enable more effective measuring of employees' contributions: introduction of knowledge managers who would evaluate employees' contributions and employees' voting, i.e. employees' judging individual contributions. Both strategies have certain advantages and shortcomings. Their impact on the reward system effectiveness was not measured in this study.

Dong-Joo Lee and Jae-Hyeon Ahn have devised a model of rewarding which should contribute to knowledge sharing. The study deals with the factors that managers should take into consideration when establishing reward systems which are to be in the service of knowledge sharing and when analyzing how these factors mutually interact. Firstly, managers must define a clear knowledge management strategy. This strategy must specify how individual contributions to knowledge sharing can be measured.

Rewards that the organization offers can be intended for individuals on the basis of their contributions to knowledge acquisition and sharing. However, measuring individual contributions is extremely difficult. Therefore, it is

recommended that the reward system should be based on group results. This method is measurable but less effective and there may appear certain problems regarding the quality of the knowledge that is being shared. Since the whole group is rewarded, individuals who possess productive knowledge may choose not to participate in knowledge sharing because they do not see how that can benefit them.

The authors have defined a microeconomic theoretical approach in which one target function is minimized or maximized in relation to the set limitations. Each worker has certain power arising from the knowledge that he/she possesses and each worker faces the dilemma whether to share his/her knowledge with others to a certain degree or not. Workers can see a double loss from knowledge sharing - the loss of power that their knowledge gives them and the costs of the lost time spent in knowledge sharing. However, as compensation, employees receive certain remunerations from the firm for their participation in knowledge sharing. It is logical to conclude that workers will be willing to share their knowledge only if their personal benefits from knowledge sharing exceed their personal benefits from keeping information for themselves.

The way in which workers make decisions about knowledge sharing becomes an impediment for the organization which seeks to maximize the net benefit from the flow of knowledge in the firm. This net benefit is defined as the absolute benefit from knowledge sharing deducted by the sum of the compensations that are paid to the workers. It should be borne in mind that the reward system is complemented by other factors, such as job security, the feeling of trust among employees, etc. The limitations of this model regard its incapacity to comprise reciprocity in knowledge sharing. Also, it presumes that potential individual contributions to organization knowledge can be identified. The conclusions drawn cannot be proven empirically.

Although all the studies that have been mentioned presume that, if there is an adequate reward system, there will be a more favourable employee attitude towards knowledge sharing, research shows that in practice this hypothesis cannot be precisely proven as true. The results of the mentioned studies vary which points to the fact that the relation between the reward system and the knowledge sharing system is influenced by certain additional factors such as corporate culture and employees' personal attitudes.

Each company must decide how significant knowledge is for it and its business. Companies whose market success depends upon qualified and skilled workforce must prepare a strategy that will involve appropriate rewards for such workers.

CONCLUSION

Finding new ways of motivating employees to actively participate in knowledge sharing is not easy and simple. Studies show that employees are driven by various and often unexpected motives so that managers face great challenges in the process of knowledge management. Our analysis of hitherto studies points to the conclusion that there is a significant relation between the reward system and

employees' motivation and that employees who are motivated participate in knowledge sharing more easily and more often. Therefore, we can accept the hypothesis that motivation has an impact on knowledge sharing.

Also, our analysis has established that there are differences in the results of various studies regarding how much the reward system influences participation in knowledge acquisition and sharing. It has been noticed that certain authors claim that the reward system has a clear impact on the knowledge management system, while others emphasize that there is a connection between these two systems but that it is not a very significant one. After the analysis of hitherto studies, it can be concluded that the hypothesis about the impact of the reward system on knowledge management can be accepted only with reserve because it is clear that their relation depends on other factors as well. However, although it has been shown that workers are often lead by intrinsic motives to participate in knowledge sharing, the reward system must not be neglected. Clearly defined compensations say that the company appreciates its workers and respects their efforts regarding their personal development and their contributions to the company. Knowledge workers must be rewarded adequately because if we view knowledge as capital, we must value it adequately.

The topic that we have dealt with has not been analyzed sufficiently in our country, so we have relied on studies conducted in countries where knowledge management has long been present in companies and where workers are familiar with this concept and its importance for the organization. In the analysis of the afore-mentioned studies, corporate culture should be taken into consideration because it is one of the greatest motivators for or barriers to adequate implementation of the knowledge management concept.

One of the more important reward models has been devised by Dong-Joo Lee and Jae-Hyeon Ahn. In this model, it is clearly presented when and to what degree employees will be motivated to share knowledge. This model can be a good basis for conducting similar studies in our country. Due to differences in the cultures in which companies operate, we believe that studies conducted in our country would yield different results. Knowledge management and reward system management are disciplines which have developed significantly over the last years. We believe that studies dealing with their mutual relation are of great importance and that there is a lot of room for further research.

As the country is not sufficiently developed, rewards are one of the more important motivators here, and they are a common reason why highly qualified workers leave the country. It is necessary to study and implement certain reward models that would be in the service of knowledge management and contribute to valuing knowledge as an important resource in modern organizations. We believe that further analysis of this problem would significantly raise awareness of the importance of knowledge as well as the importance of the reward system in the knowledge management concept. We hope that this paper will encourage researchers to deal with this topic more seriously in the future period.

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IMPACTS OF THE ICT-A ON GLOBALIZATION, THE WAY OF LIVING, CHANGE THE STRUCTURE OF BUSINESS PROCESSES AND EMPLOYMENT

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ABSTRACT

The aim of the paper is to explore the impact of development trends in information and communication technologies (ICT) on four phenomena of human activity. The phenomena that are investigated and can predict where the most significant changes under the influence of ICT development trends are, are the following: the continuation of the process of globalization, lifestyle changes, changes in business processes and changes in the labor market. This study was conducted by content analysis and a comparative analysis of the results of multiple studies on the same subject. The results of comparative content analysis of the conducted surveys indicate significant changes in all four occurrences under the influence of ICT. The process of globalization will continue where more individuals can compete with each other on the global labor market. The introduction of computerized robots in production will result in the coming period to a loss of a large number of jobs. Most routine work processes will eventually be entrusted to robots which are managed by computers networked via the Internet. On the other hand, the development of ICT will unlock the need for many new jobs and occupations that lacked to exist previously. This work should contribute to understanding the importance of the ICT infrastructure and the development of training programs for new occupations and jobs. Countries that fail to devote due attention to investment in ICT infrastructure and the education system will be faced with huge economic and social problems.

Key words: *ICT, Globalization, Processes, Outsourcing, Freelancer*

JEL Classification: *O33*

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INTRODUCTION

In many developed industries, new technological leaps are formed on the basis of new important scientific discoveries. These “breakthroughs” in science cannot be predicted but based on past experiences, they occur on average every ten years or more. The whole system of globalization and economic growth in developed countries is based on a simple business model. Huge investments in science lead to new inventions and technological solutions, which is the basis for the development of innovative new products and services that are then sold around the world. The production itself takes place in countries with cheap resources and favorable geographical positions, and these countries are also the market for contemporary products and global services.

Countries that do not have the conditions to invest significant resources in science and education are increasingly lagging behind in the level of development compared to developed countries. This situation was also noted by the World Bank in a report with the sentence that since the Second World War onwards, poor countries have become increasingly poorer and rich countries have become richer. Due to a lack of funds for the development of the infrastructure, the highest number, that is, 80% of servers are located in developed countries, while most poorly developed countries have poor Internet coverage. Thus, access to many public services on the Internet is not available for a broad population of mankind and insufficient development of the ICT infrastructure leads to future generations also being condemned to poverty.

The world's leading development organizations have long since noticed a high degree of correlation between the level of ICT development and the development of national economies. As the ICT sector evolved and expanded, thus also expanded the impact on various segments of human society. This impact is reflected not only in the growth of the GDP, but also in employment growth, new jobs and occupations, and increasing the competitiveness of national economies. Although ICT brings a wide range of benefits for both individuals and organizations across the country, developed countries have the most benefits from this. It is paradoxical that digital technology, instead of contributing to overall development, affects the increase in the gap between developed and developing countries. The last fifteen years, reports on the situation in the ICT sector on a global level have been made as well as measures to improve the situation and innovation (Kirkman et al., 2001).

According to the conclusion of the report (World Economic Forum, 2015, p. 15), ICT is becoming every day more and more powerful, with the possibility of wider and more extensive application in various spheres of human activity and more increasingly widespread throughout the territory of the globe. They have become crucial for the development of competitiveness, creating conditions for the general development of all sectors of society. Research suggests that the richest countries have the greatest benefit from this development.

Based on the analysis of trends in ICT technology, we can talk about computer or digital revolution that is in the third phase. Everything that was only analog in an increasingly digital world has become marginal. Likewise, a World Heritage Site begins to take its digital form, whether it is about literature, sculpture, music or other artistic works. The latest war developments in the world have shown the need to preserve the world's heritage in digital form.

ICT developments take place globally. Currently, implemented is the 3rd phase of ICT development based on mobile platforms. That is why a part of the research relates to the analysis of the impact of the ICT 3rd platform on the process of globalization.

An increasing number of users and the expansion of ICT implementation through the development of a 3rd platform results in stimulating the growth of a large global ICT market. The paper will first analyze the impact of ICT development on the development of globalization. The development of ICT and globalization in turn has changed the habits and way of doing business. Key changes in work methods and economics, as well as human populations are changing the labor market and the required professions. In this way a cycle of causal connections where each phenomenon affects the next one in the series was created.

With the development of ICT and mobile platforms the work methods of companies is changing significantly. The workforce has more changes as one of the key factors of production, with the possibility of changing the habits and values that are expected from the development of society. There are also opportunities which allow each individual to enable a flexible relationship that forms a new way of cooperation and providing income. This process of expansion and establishing new forms of cooperation between organizations and individuals takes place on a global level. The world is becoming, with the possibilities offered by new ICT technology, an integrated market in which an individual occupies an important place. The global economy has its own virtual labor market that takes place over the Internet, which is now quite significant, with the assessment that in the future it will be even greater. Countries that are not able to comprehend the possibilities and lack to provide the necessary infrastructure for the implementation of new ICT will be condemned to poverty and the sale of only their own resources.

The aim of this study is to investigate the changes in the four phenomena as a result of the development of the 3rd platform (Figure 1). Four phenomena which are explored are aspects of human activity, where major changes are expected, caused by ICT development. These are the following phenomena: the globalization process, lifestyle changes, changes in business processes and changes in the labor market. The fifth area is linked to the manner of the functioning of the public sector, but this area is not included in this study. Examined are the types of changes, trends and forecasting future development.

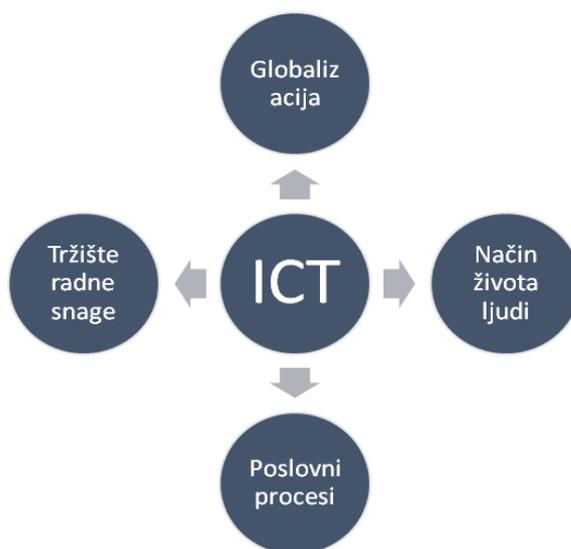


Figure 1: The impact of ICT development on globalization, lifestyle and business processes

Source: Authors

Analyzed in this paper were four groups of research carried:

1. Analysis of global trends in the development of ICT. Research conducted by (IDC, 2014) on the theme of trends and how they see the future of ICT by 2020. The research results were compared with the results on the same topic by eminent organizations such as IBM (2013), McKinsey Global Institute (2013), AT Kearney (2013), and Accentrure (2014). The results of this comparative analysis should show the ICT trends, the expectations of their further development in the coming period up to 2020 and an estimate of the consequences on human civilization.
2. The state and the impact of ICT on the development of national and global economies. The World Bank and the World Economic Forum issue an annual report on the status and changes in the national infrastructure related to ICT. To define the current state of national ICT infrastructure, eight groups of composite indicators were used for measuring the representation of new technologies as well as the state regulation of the sector. In order to realize this complex task, there is constant work on correcting the indicators in line with new technology. The Republic of Serbia regularly publishes reports on the state of the ICT sector in the Republic of Serbia (Kovačević et al., 2015).
3. Theoretical analysis of processes in companies that may be the subject of automation, relocation and/or sourcing.
4. The condition and changes on the national markets of the workforce.
 - a. Analyzing the reports of ministries and agencies whose portfolios include monitoring developments on the labor market. Often these reports provide their estimates and forecast trends for the future. The

results of this analysis show the status and trends at the national level. The paper used data from the US, Great Britain and Serbia. Many countries do not publish an analysis of the current situation. These data are not synthesized on a global level which is why more data is required to obtain a broader picture at the global level.

- b. Organizations that deal with global mediation between the various organizations that offer temporary jobs (projects) and individuals or organizations to realize them. We used research and data of the association of US freelancers and one of the largest freelancer associations Upwork. The results of these studies should demonstrate a global development related to the scope and types of jobs that are performed globally through these organizations.

The applied research methods are the following: contents analysis, trend analysis and comparative analysis.

We analyzed data in the reports of occurrences which are the subject of research in the period from 2010 to 2016. Some reports, from trend analysis of the phenomena they investigate, give their predictions of the phenomena until 2020 or 2030.

This work aims to contribute to a better understanding of the impact of ICT development trends on the macro-economic and micro-economic level. At the macro-economic level, there is the aim to emphasize the importance of developing ICT infrastructure for economic development. At the micro-economic level, there is a need to contribute to a better understanding of the competitive advantages depending on the development of ICT. This attitude is reflected in the labor market trends and the changing demands of employers for skills and knowledge which the workforce need to provide. Here we would like to emphasize the importance of education for the acquisition of new skills and employment.

TECHNOLOGICAL TRENDS OF ICT DEVELOPMENT

According to the views of the famous economist Schumpeter (1942, p. 82-83) there is a clear link between radical innovation and the economic development of a country. According to him, the main driver of creative destruction is radical innovation. The application of innovation leads to changes in the product or the process of its creating, which replaces the old products with more modern ones. This continuous process changes the key aspects of macroeconomics, through the change of supply and demand, structural adjustments of the economy and the functioning of the market. Schumpeter tried in this book to explain the impact of innovations on changing markets and macroeconomic trends, which lead to economic growth and increasing national wealth. Although this opinion is given as an impact of innovation on the national economy, the development of events shows that it can be applied in a global context as well.

Entrepreneurs need to take on one of the key roles in this process, managing risks of the diffusion of innovation. At a micro-economic level, this requires a review of the company's strategy and exploring innovative applications of new technologies and

market trends. In the context of the 3rd technology platform, companies need to find creative ways to connect with external customers on one hand and on the other hand to connect all sectors of the company. In this way, integrated supply chains and the borders of organizations become much more porous.

According to the ICT development trend research (IDC, 2014, p. 6), it is considered that every 20 to 25 years there is a new platform which represents a basis for growth and innovations.

The 1st platform was based on the massive use of personal computers. The 2nd platform was based on the networking of personal computers. There is a perception that ICT is developing a 3rd platform and a new wave of innovation. It is expected that this platform will become dominant in the coming period up to 2020. The features of this wave are the integration of social, mobile, Big Data and Cloud technologies. This would connect a large part of the world's population and all major organizations.

According to the same source, the IT market (hardware, software and services) in 2014, had a turnover of over USD \$1.3 trillion globally and there is estimated a future traffic growth to \$5 trillion USD by 2020. The expected market growth in the coming period up to 2020 is estimated on average at 15% per annum. Thus, the market growth is not only in volume but also in its heterogeneity, usage and support. This kind of dynamic growth will create new jobs and influence a significant transformation of the labor market.

This connection also affects the growth of the need for the collection and management of huge amounts of different data formats that are constantly changing (Big Data) which are to be processed, preserved and obtained information from. It takes a new kind of analysis that needs to create value from this environment.

The research on the topic of the trends and how they see the future of ICT by 2020 by IDC (2014) were compared with the results of research IBM (2013), McKinsey Global Institute (2013), AT Kearney (2013), Accenture (2014) on the same subject. The resulting conclusion of this comparative analysis indicates a strong agreement in the results, what the trends of ICT in the period up to 2020. According to the conclusion of research technology, the trends that will link ICT development to socio-economic systems to the year 2020 are as follows:

1. Mobility. A quick development of various mobile devices and the distribution of use for personal and professional use. The increase of the number and types of devices is one of the key drivers which initiate a further changes and development.
2. Cloud computing. This is a way of extending ICT services based on engaging network ICT recourses of different owners according to various bases. It enables a large flexibility and changes the way of using ICT recourses, which enables a large flexibility of the entire network to adapt to the needs along with cost decrease. Recourses can be bought, rented or services obtained.
3. Big data analytics. The new generation of technology is aimed at processing a large amount of data. It occurs as a consequence of an

intensive use of a large number of mobile and other digital devices. This growth of the mobile device market initiates the growth of applications and the number of organizations which link them.

4. Social media technologies. The increasing of social media for the needs of various organizations in the aim of linking and communication with certain social groups.
5. Internet of Things (IoT). A dynamic linking via the Internet of human needs with the infrastructure and surrounding technology.

There are also two additional trends which impact the shaping of the market and the change of skill demand. These are the following:

1. Customer Experience IT (CXIT). This is a new type of communication of individual users with organizations of the profit and non-profit sector. It has the task of gathering and managing information on the acquired experiences of the users regarding the services rendered. This is a type of convergence of IT innovativeness and managing user satisfaction.
2. IT security. The increasing significance of ICT in the daily sphere of life has led to the issues linked with security, such as issues of the protection of data privacy, abuse or possibility of the failure of these systems, on which we increasingly depend in daily life.

As much as it looks strange, the contours of the future environment for the next twenty or thirty years are already visible. All these trends, as much as they at first glance look divergent in reality represent trends which converge with each other. They complement one other in expanding the use and discovery of innovative possibilities of ICT application in all spheres of human life. From this ensues a new paradigm of the use of IT technology in forming business strategies.

We can already see the contours of the future 4th industrial revolution which (Posada et al., 2015) has the task to link physical components (machines, equipment and people) with cyber-physical systems (CPS). Their concept is reflected in linking the following:

- Physical and virtual worlds,
- Smart machines,
- Smart data storage systems,
- Smart Factories (Posada et al., 2015, p. 3).

This concept is built into the framework of the Horizon 2020 Research Program financed by the EU.

THE RELEVANCE OF THE DEVELOPMENT OF THE 3RD ICT PLATFORM FOR THE THIRD GLOBALIZATION ERA

According to (Friedman, 2007) globalization has three eras of development. The first globalization era lasted from 1492 to 1800. This was the period when Columbus discovered the New World and started the era of trade between the Old

and the New World. The main powers which moved this globalization era were based on the brute force of men and animals. The power of a state was based on the number of people and horses at disposal, along with the power of the wind. The focus of this era was on the state. In this era of countries and their governments, led by religious and imperialistic motives, the boundaries of the known world were expanded, by linking the newly discovered countries and continents with trade, competing against each other in a global competition.

The second era of globalization lasted from 1800 to 2000. This period ends with the Great Economic crisis and two world wars. In this era of globalization, the agents and main driving forces of globalization were multinational companies, which have started to look for new markets and cheaper labor. Industrial development in this era in the first half was driven by steam engines and later discovery of the internal combustion engine. The development of railways and steam ships resulted in the reduction of transport costs. In the second half of this period, thanks to the inventions of the telegraph, telephone, personal computer (PC), Fiber-optic cable and early stage Internet, the world really became a global market in terms of traffic information, money, goods and services.

The third era of globalization started around the year 2000 and continues to this day. The main drivers or agents of change became individuals who sought to cooperate with each other and compete in the global market. This period represents a unique phenomenon, which allows individuals and small groups of people to come out on the global market. That is why the author of this article called the world in this period a flat-world-platform. This platform is the result of connecting the PC, the Internet via fiber optic cables and application software which resulted in creating conditions for individuals to have access to a large amount of information and establish cooperation with other individuals and organizations throughout the world. People around the world have realized that in this period they have more options than ever before to compete globally as individuals against other individuals, with opportunities to work with other individuals, and thereby to cooperate and compete with one other across the globe. Nowadays, every individual should ask himself where s/he fits in global competition.

The World Bank in its report (The World Bank, 2009, pp. 125-131) on the implementation of the strategy of ICT development in 2001 stated that the level of development and application of ICT play a key role in the development of the country. The impact also refers to individuals but also to business enterprises, financial institutions and public administration. It is therefore necessary for each country to develop policies to improve the ICT sector and measure its effects on development. To this end, formed was a strategy of global development (The World Bank Group, 2012) for the period 2012 to 2015. The strategy should help the further development of new ICT but also reduce the gap between poor and developed countries, as regards the development of IT infrastructure.

Data published in the (World Economic Forum, 2015, p. 17) reports that half of the human population has no mobile phones, of which 450 million people live in areas that have no signal for mobile telephony. Things are even more drastic when we view the technological age distribution of mobile devices and wide band

Internet. Some 90% of the population in low-income countries and generally speaking 60% of the world population is not connected to the internet.

The same source states that used to measure the overall impact and presence of ICT in a country formed was the Networked Readiness Index (NRI) created in 2001. Since then, every year a report is compiled regarding the status and changes in the ICT sector according to national economies. The NRI is a composite index that measures four key categories against 10 sub-categories. This involves 53 individual indicators of ICT development with the aim to measure the level of achievements on various bases.

Serbia, according to the report of the (World Economic Forum, 2015, p. 30) has progressed during 2013 with the 87th place on the list of countries, and in 2014 year it progressed and took the 80th place. The growth trend continued in 2015 when Serbia was assessed with a score of 4.0 (NRI) and ranked 77th place out of 148 ranked positions.

THE IMPACT OF A 3RD ICT PLATFORM ON LIFE-STYLE CHANGES

As global mega trends that will shape our future until 2030, the audit and consulting company (KPMG, 2013) includes the following:

1. Demographic changes in the population. Longer life expectancy and population growth will affect the changing age structure of the population by 2030. In 2013, 8% of the world's population was over 65 years of age. This trend of population aging is primarily related to developed countries. The predictions are that in the future there will be more elderly people in the age structure of the population. It is estimated that if the current trends continue by 2030, there will be 13% of the population older than 65 on the planet. The challenges for national governments are the improvement of the social and health care system.
2. The raising of individualism. Advantages offered by a global education, health care, and technology, will provide greater opportunities for individuals, from education, interpersonal communication, job seeking to participation in the affairs of governance.
3. Enabling access to new technologies. IT technologies influence the transformation of the socio-economic system by providing new opportunities for individuals.
4. Economic connection. The development of global connectedness will lead to the growth of international trade and flow of capital.
5. Public debt. Governments of countries are expected to hold public debt under control and look for new ways to render public services. This on its part should be a prerequisite for further development of the socio-economic system.
6. Switching the direction of the economy. In the near future, emerging economies will leave millions of people in traditional professions out of work.

If we do not react in the right way, this can lead to an increase in poverty in some social groups and strata which could not adapt to global trends.

7. Climate change. The increase of gas emissions into the atmosphere leads to a further increase of climate changes which will lead to a series of changes in the global ecological system which are difficult to predict. This will be an especially hard task for the governments of the countries which have insufficient funds to secure resources for investing into transformation.
8. Stress due to a lack of resources. Climate and demographic changes will lead to problems with the provision of the necessary resources, such as drinking water, food, arable land and energy.
9. Urbanization. It is estimated that two-thirds of the world population will live in cities by 2030. Although life in the cities basically provides greater opportunities for a better life, this trend will lead to new demands for adequate infrastructure and additional pressure on natural resources.

The development of ICT has influenced an increase in connectivity among people and organizations. This is also reflected in the increase of the provision of services that are accessible via the Internet, thus changing permanent human communication habits. The development of computerized robotics offers great opportunities but carries certain risks - among other things, the possibility of cheap industrial production. Also, there are the possibilities of physical separation of the benefits and the one who receives services. Among the major consequences that are already felt is the wide application of computerized robots and the reducing of labor with approximately the same or a higher level of traditional industrial production.

The importance of communication and the availability of such a large number of users at low cost have initiated many of profit as well as government organizations that offer their services via the Internet. An example is the development of various services such as e-mail, social networks or e-Net, e-banking, or e-government. Each individual is given this opportunity to communicate not only with people they know, but also with the whole world. It can be said that ICT has transformed the world in which we live.

The increasing interconnectedness of people, in turn, has opened up many questions and pointed to new problems that previously hardly even existed. This involves the protection of privacy and personal data. In an increasingly digital world where everything is in digital format, the possibility of abuse is becoming every day more and more widespread. This will incur some problems that must be solved.

The development of the 3rd platform will bring to each user that can be connected to Broadband internet many benefits whose possibility of use still under investigation.

The most significant existing use where further progression is expected regards the following:

- Increasing communication between Internet users. The users are individuals as well as various organizations from both the profit and non-profit sectors.
- Decrease of significance of time distances between users.
- Mobility. It gives the possibility to individuals to carry out many jobs without physical contact. It gives the possibility of movement and does not commit individuals to be in a certain place in a certain time, when a service is being rendered or information sent.
- The need for new knowledge and IT skills for a work-able population.
- New ways of work and realizing of income.
- Teamwork outside the office and without physical contact.
- It enables individuals and companies to decrease the need for physical property such as rooms, officers, counters, and similar as well as increasing the efficiency of the use of time and giving the possibility of a larger productivity while the individual is mobile.
- The work hours of many services are 24 hours.
- New types of products and services. Many work places are slowly disappearing but new ones which did not exist before are appearing.
- The possibility of accessing many global recourses and information. An example can be the application Google books which give a part or complete insight into many publications all over the world. YouTube gives the possibility of free listening to many musical sports, and similar.
- The possibility of education via the Internet.
- Entertainment via free services.
- A larger access to many public services. It has contributed to the growth of the possibility for conveying political stances and demands, as well as the abuse of the public opinion.

THE IMPACT OF THE DEVELOPMENT OF THE 3RD ICT PLATFORM ON STRUCTURE CHANGE OF BUSINESS PROCESSES IN COMPANIES

According to the research carried out (CBRE, 2014, p. 2) figure 2 shows the predictions for the top five sources of competitive advantages in the period to 2030. These are:

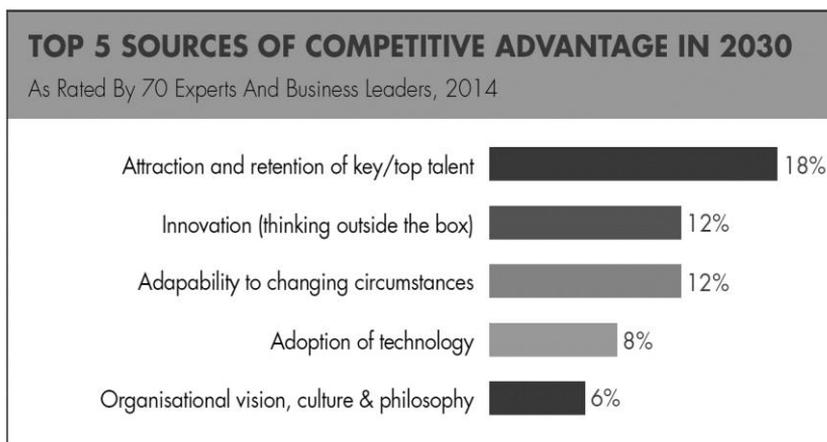


Figure 2: Top Sources of Competitive Advantage in 2030.

Source: CBRE (2014, p. 2)

The same source states that the survey indicates that 81% of respondents believe that the success and wealth of future companies will be based on ideas and creativity. The boundaries between what is an internal and what an external environment of an organization, in terms of intellectual capital, are becoming more porous.

According to the group website (Radović, Karapandžić, 2007, p.18) the processes taking place in organizations can be classified in several ways. One of the divisions is based on the execution process. According to this criterion, processes can be routine, creative and combined. The impact of the 3rd platform on the ICT learning process is defined as follows:

- Routine are the processes that take place in the same way until the moment when the routine changes. Routine processes define the regulations and/or work technology. A feature of this process is the large number of their repetitions in the same or slightly altered form. These are usually the main or Core processes and their sub-processes. These processes are usually optimized. The main reason of this optimization process (or more) is to always provide the same quality services and products at the lowest cost of implementation. These processes are according to (Radović, Karapandžić, 2007, p. 35) the candidates for settlement of these processes, “non-biological perpetrators” such as computers, robots, machines, etc.
- Creative processes are those processes that are left to the executor of the process to do them as s/he knows best (Radović & Karapandžić, 2007, p. 35). They are most often applied for obtaining unique results. For example, this might be the design of new products, marketing campaigns and corporate strategy. A large number of decisions depend on circumstances such as customer requirements, market condition, applied technology and the like. Rarely can they be used in an unmodified form twice. This is a set of decisions not structured under conditions of uncertainty. The level of uncertainty can be significantly reduced by an analysis of environmental

factors and the structuring of the problem based on the application of good practice (Milošević et al., 2013). This is one of the reasons why pure creative processes are rare within organizations. Another reason for the low application of pure creative processes lies in the fact that every organization wants, at least in the basic steps, to control the running of the life cycle of their processes. The third reason may be in the importance these processes have for the future of the organization. Given that they define the strategy of the company, the results of these processes can significantly affect the further fate of the organization. Because of its importance for the future of the organization, these processes are often carried out in cooperation with external consultants or even completely left to organizations that are specialized for this. Small and medium sized organizations usually do not find it worth the time to establish their creative departments and hire expensive expert staff, but refer to appropriate, professional organizations and hire expensive freelancers for these services. Purely creative processes are rare in practice.

- **Combined processes.** Most often, organizations define some basic steps (stages), sub-processes, site decisions and milestones in facilitating this process. In this way, the meta process is defined (Milošević, 2015) or the way of the carrying out the process in basic steps. These steps are mostly related to the results of the selection sub-processes, approval of funds, the choice of executor, acceptance and handover of results and the like. Each of the processes should have a clearly defined result or outcome. These processes are increasingly the subject of engaging artificial intelligence, whether they make independent decisions or are decision-support systems for people. Based on data from the past, a model of the behavior of a phenomenon is sought. Based on the analysis of models and changeable variables that affect changes, the initial algorithm and the method of its modification are defined. This approach is already widely in practice by large companies. An example of its application is software for speech recognition, definition of customer habits and suggestions for possible purchase. These solutions apply to major chains of e-commerce, such as Amazon, Aliexpress, etc.

CHANGES ON THE LABOR MARKET

More and more industrial work is carried out by computerized robots. According to the press, more and more workers who have worked in the industry have lost their jobs because their work is done by computerized robots. As things stand now, there is little hope that the occupations performed will also return. On the other hand, there are great demands for skilled manpower in the IT industry on the labor market so that the issue of employment of the existing workforce is reduced to a matter of requalification.

ICT has with the development of computerized robotics enabled some activities to be carried out remotely without the physical presence of someone who

benefits from it and someone who provides a service. Here it should be indicated that the growing progress of 3D printing enables the creation of physical objects based on a virtual model.

This bridging of distance allows the client and company to be located at different distances. This contributes to the fact that more jobs can partially or completely be replaced by computerized robots.

Until twenty years ago, jobs relocation and outsourcing of certain processes was related to the physical distance between two companies. Today, with the development of ICT the space for a Partner Search for entrusting part or all of the process is no longer just a national geographic space but a global offer.

The development of artificial intelligence and IoT will result in connecting machines, the Internet and artificial intelligence managing work. According to (CBRE, 2014, p. 4) the predictions are that, due to the development of artificial intelligence, about 50% of jobs in the present corporations will be shut down by 2025. This trend of replacing many jobs by automated systems affects the rate of employment even when the economy is in recovery. Replacement of manpower by machines is not just a substitute of the executor by robots but rather, it represents a transformation of human activities. The number of new professions that require new knowledge related to the creative, social and artificial intelligence is growing. The aim is not only material wealth, but more a feeling of fulfillment and satisfaction.

Mass outsourcing of jobs and an economy based on network communications (a sharing economy or peer economy) according to the Peer-to-peer (P2P) model, are transforming the way work gets done. A sharing economy is a combination of development and integration of the social and economic system. An example is the financial success of social networks such as Facebook, Twitter and the like. It represents a hybrid combination of a business model that is changing due to the emergence of new markets and under the influence of new technologies - a winning combination of traditional economy based on material elements (offices, work space, etc.) and the flexibility of new communications. This will definitely change the working environment. The businesses of the future will be “lean, agile, authentic corporations” (CBRE Workplace Strategy, 2014, p. 3).

More and more organizations, in looking for new ideas, periodically engage available associates/consultants, so-called freelancers. This is one of the reasons of the intensive development of the market of free associates and their organizations Upwork (2016), Freelancer (2016). Once a group of creative individuals employed full-time are available for the company and are now on the Internet and in organizations of freelancers, there is the possibility of recruiting large numbers of people with different levels of skills and knowledge. The possibility of obtaining new creative ideas for innovation has moved from a few people to a huge number of people around the globe. More creative activities are taken up by freelancer organizations working across the range of web portal, providing various services. The number of services is growing as well as the increase in the number of freelancers.

In this new global division of labor, where each individual is trying to secure his/her competitive position in the global market, there are new ways of organizing

a work environment. There are organizations that are engaged in gathering and providing services around the issue and organizing office space (co-working space & hub). The number of such facilities is increasing with the growing number of freelancers. Co-working space should provide a proactive working environment for freelancers, which has the role to encourage them to work, connect and also to reduce stress levels. Work in this area should be creative, exciting and cool. The rest of the co-operation can also be carried over the Internet and communication tools such as Skype, Viber and the like. Sending large amounts of digital material via cloud services such as Dropbox and the like as well as money transfers can be done via a global service as soon as all the work is completed. In this way, costs are reduced for office space there is a greater flexibility for customer requirements.

According to a survey conducted by Freelancer Union & Upwork (2015), the data on the work of freelancers in America is surprising. According to the data in a 2014 report, 34% of the population (or a population of 53.7 million Americans) worked as freelancers. For many, this is an additional job. Freelancers are usually individuals engaged in an economic activity, required to pay taxes themselves.

There are a number of freelancers for whom this is the main source of income and their lifestyle, which they choose willfully. The main reasons for people to stop looking for a job or leave the traditional workplaces and accept life as freelancers is stated as being the possibility of greater freedom, mobility, ability to manage their own time and in some cases a necessity. If they had not found work in the fields for which they are preparing, many choose to retrain for a job in the digital economy. According to a report (Freelancer Union & Upwork, 2015), 60% of respondents said that they earn more money thus. Compared to the previous year, this is an increase of 700,000 new freelancers in relation to the 2014 report. This data indicates that on the labor market, freelancers have become an important factor for further development. Looking at reports on freelancers, their participation on the global labor market is every year becoming larger and larger.

According to a survey conducted by (CBRE, 2014, p. 4) people are increasingly looking for a holistic way of life that connects humanity, culture creativity, and social network communities. Therefore, work and doing a job can acquire completely new dimensions. People who have this kind of philosophy of life are willing to work with other intelligent people on interesting and well awarded projects, where together they can express their creativity. The very goal, sharing common values and a sense of belonging to a particular social group are equally important as the prize money. So, social work is one of the acceptable options. The combination of a creative environment, social utility and financial compensation is a combination which makes people happy.

In its conclusion, the research (IDC, 2014, p. 9) states that demands for highly educated personnel from the ICT that have a broad education and connect the different needs and technology into one entity are increasing. This dynamic growth that transforms the existing situation in the IT industry generates new demands for knowledge and skills. (IDC, 2014) states that a mild stagnation in finding staff with traditional ICT knowledge and the growth of new multi-disciplinary skills has been recorded.

Mobility of performing activities outside the office will be one of the key driving forces in IT in which small and medium-sized enterprises (SMEs) will invest. For the development and maintenance of this type of business, SMEs will have to recruit IT professionals or rent the capacities from other organizations that are specialized for this. If they do not adapt to this trend, their insistence on business in the traditional way can be a big disadvantage in a competitive market.

According to a press report (Freelancer, 2016), it is stated that in 2015 there was a significant increase in demand for some jobs. Table 1 shows the list of the top ten of the entire list of fifty jobs which recorded the highest growth compared to the year 2014.

Table 1: Fast 50 Report: The Fifty Fastest Growing Jobs of 2015

Skill/Job	Category	2014	2015	Change %
Delivery ²	Local Jobs & Services	53	1046	1874
Instagram	Websites, IT & Software	131	1870	1328
Blog Install	Websites, IT & Software	223	2749	1133
Swift	Websites, IT & Software	344	2292	566
Package Design	Design, Media & Architecture	188	1177	526
Fiction	Writing & Content	304	1502	394
Angular.js	Websites, IT & Software	1137	5054	345
Internet Research	Sales & Marketing	1390	5641	306
R Programming Language	Websites, IT & Software	291	1157	298
Online Writing	Writing & Content	742	2935	296

Source: Freelancer (2016).

PROFESSIONS WHICH WILL BE SOUGHT FOR IN THE FUTURE

Conducted was a research of several sites and reports of organizations engaged in analyzing and predicting changes in the labor market for a period of 10 or the next 20 years. The results were as follows:

1. A lack of certain professions in the National Employment Center. The result is a gap between the demand for certain professions and the interest of pupils to be educated for such a profession. The professions for which there is demand on the Serbian market and the markets of EU developed countries can be mentioned. These are the the professions of civil engineering, welders, butchers, electro mechanical engineers, etc. (National Employment Center, 2016).
2. Professions which depend on empathy. These are professions related to working with people. This group includes nurses, carers for the elderly, home care patients and the like. This also applies to retail dealers, those providing services, call centers, office tasks (Forbes, 2016) (United Department of Labor, 2016).

3. Development technicians and new technology engineers (National Employment Center, 2016), (IDC, 2014), (United Department of Labor, 2016).
4. Multidisciplinary professions. According to (IDC, 2014) this entails connecting several areas such as economics and social networks with new IT. The development of IoT will render new possibilities of applying those human needs not yet covered.
5. Creative professions. All the possibilities of applying new IT technologies have not yet been used, according to a report by (IDC, 2014). The essence of its activity is resolving complex unstructured issues, as well as creative professions and similar. The growth of the freelancer market is a reflection of relocating creative (and combined) processes and the growth of the need of the organization to engage external associates (Upwork, 2016.; Freelancer, 2016).

When you take into account the trends and the importance which ICT technology has or will have in the future up to 2020, the report (IDC, 2014, p. 6) defined a new concept of e-leadership skills. These skills are asking a lot of people to acquire ICT skills which have the task to veer employees from various professions towards the direction of creating a business model that should investigate the possibilities of ICT innovations and find the best model of use and thus deliver the value of the company. E-leadership skills are the base and represent a set of competencies with which individuals in the economy of the 21st century must have at their disposal by using ICT innovations.

CONCLUSION

As a result of the research of the impact of ICT development trends on four phenomena of human activity, we come to the following conclusion: the phenomena of human activity where changes are expected are the following: the process of globalization, the lifestyle of individuals, business processes and the labor market. Significant changes can be seen in all four areas, with the prediction that this trend will impact ICT and it will continue in the future.

The connection between the industrial revolution and the process of globalization can be noted. Each industrial revolution was built on the basis of radical innovations whose application is radically changing the way of work and life of human civilization.

The first industrial revolution was based on wind power, human or animal power, steered by machines. The second industrial revolution was created by the steam engine and later the internal combustion engine. This revolution led to the introduction and the start of mass production. The third industrial revolution is related to the digital age.

ICT has three platforms of development. The first platform concerns the mass use of PCs. The second platform has been linked to the development of technologies that have led to computer networking. The third platform that is in

progress is related to mobile phone technology. It is estimated that it will be dominant in the world by 2020.

The report by (IDC, 2014, p. 24) specifies the main trends of development of the 3rd ICT platform and their innovations until 2020 as the following:

- Mobility and mobile technology,
- Cloud computing,
- Big data analytics,
- Social Media technologies,
- Internet of Things (IoT).

Some analytics (Posada et al., 2015) assess that there will be a further development of ICT in the direction of further integration of physical and cyber space which will lead to the fourth industrial revolution.

ICT is the main force of economic and social transformation. It increases individual access to various services, improves connectivity and creates opportunities for new jobs, wherein they change the way people communicate, interact, or are mutually engaged. This also applies to communications with the governments of various countries. Thus, ICT is transforming our world (World Economic Forum, 2015, p. 15).

According to Cesare Minardi (World Economic Forum, 2015, p. 13), “Technology has the incredible power to improve people’s lives, foster economic growth, and create opportunities for individuals, companies, and nations around the globe.”

In its summary report, the World Economic Forum (2015, p. 15) states that the incentive for the development of all aspects of human society, from the economic to the social, is obvious. It is stated that there is an uneven utilization of the benefits it provides in this development. Increasing the gap can be played both on the national level, between different social classes and between different developed countries of the world.

It was noted that the greatest benefits are realized by the richest countries of the world. One part of the answer lies in the fact that wealthy countries have shown a greater willingness to engage in the development trends than the undeveloped countries. This is without doubt, due to the fact that they dispose with much greater resources to develop their own infrastructure. Thus the development of ICT has also impacted the increasing divide between developed and undeveloped countries.

Progress was made in improving national competitiveness by applying IT, which may lead to increased disparities between social classes. New technologies introduce new businesses and marginalize traditional jobs, as traditional jobs are slowly losing importance in the digital economy. In this way, parts of the population who opt for traditional jobs or have no conditions for their own education can eventually become second-class citizens. Here especially vulnerable is the elderly population and the groups of people who are on the margins of society, thus creating an even bigger difference between social groups.

The key to overcoming these divisions is to develop goals and policies to improve ICT in the country. The objectives of the strategy and ICT policy

development are related to the development of the national infrastructure as well as education. Therefore, the national administration has the responsibility to create a policy of education and inclusion of all social classes and groups in the capability of using new information technologies.

The national infrastructure includes not only broadband networks, but also the existence of institutions that deal with these issues, including legislation. The introduction of electronic signatures and data protection becomes an integral part of the infrastructure problems that must be solved. Thus, it is necessary to find the right balance between the regulation of new phenomena and the liberalization of use. In turn, liberalization of use opens many creative opportunities for investments but the introduction of binding rules, protection and punitive measures should bring about order and the protection of every individual.

ICT plays a key role in creating and maintaining a competitive position of national economies, as well as individual companies and individuals as well.

The development of ICT has left a significant impact on the life and work of every individual who has the ability to use them. The realization of high mobility, connecting with other people and organizations has permanently altered lifestyles of individuals. In fact, it has enabled individuals to compete globally for a variety of tasks on the international labor market. Its competitive position is based on creativity and knowledge of work in contemporary ICT.

ICT have left a major impact on business processes and ways of doing business. The processes of the future will largely be entrusted to computerized robots, 3D printing and IoT. Communication with machines and jobs entailing human contact will be the responsibility of human labor. Creativity, flexibility, social responsibility, readiness for innovation and continuous personal development are some of the characteristics of the workforce of the digital age.

ICT have left a great impact on the labor market. Anticipated is the disappearance of many jobs in the industry which have attained a high degree of development. On the other hand, the needs for new professions with new skills which are primarily related to modern ICT have been created. The predictions are that there will still be a demand for certain scarce occupations that are less attractive for elementary school students. The labor market will increasingly seek educated creative people who know how to professionally use modern ICT. Also sought will be a workforce related to work with people where empathy is a necessity: these are the tasks of education, taking care of people, and the like. Anticipated is a further rise in demand for personnel with knowledge of the latest ICT.

This paper seeks to highlight the importance of ICT development on human civilization. In order to ensure a balanced sustainable development, it is necessary to build an adequate ICT infrastructure and education system. The ICT infrastructure includes not only the development of broadband Internet and wireless communication, but also the development of legislation and institutions that will be responsible for further development and use of ICT.

The role of education is very important: preparing a new generation for new jobs and skills to work with ICT and retrain older staff to be redirected to the most

similar jobs is vital. The educational system is among the first to be modified to understand the needs of the labor market in the future. Primarily educational institutions and their holders must be aware of the requirements, which carry with them a new state of the labor market. Their main task is to prepare future generations as individuals with their knowledge and skills to be competitive in the future in the global labor market.

To fulfill their role and prepare the young generation for the situation in which they will find themselves, it is necessary for them to be aware of their own need for their education and training in order to successfully complete their task. Wrongly defined objectives or a lack of political will will make the battle a lost one for long-term national progress.

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YOUTH CO-OPERATIVES IN COURT PRACTICE IN THE REPUBLIC OF SERBIA

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ABSTRACT

Youth cooperatives in Serbia is an integral part of the cooperative system, which means that even in the legislative sense, this important social and economic field is regulated by a law which includes all types of cooperatives, which is not the case in all occasions of legal regulation of cooperatives.

Regarding the legal regulation of cooperative authorities, as the first question arises: is it better solution for complete substance to be regulated by a law or that, when scaling, emphasizes the specificity of certain forms of cooperatives by adoption of special laws? In Serbia, court practice has certain characteristics as sources of law, although not primary as in the Anglo-Saxon legal system.

As contentious situations appear in every field of social life (in the most extreme cases, they lead to litigations), by analysis of the same it can be to obtain relevant answers to a series legal and theoretical and practical issues which can be of importance when performing the most important legal activity – conceiving legislative regulations. In the cooperative – judicial practice we can find the characteristic decisions with a legal effect beyond the scope of the authorities concerned, in this case of cooperatives. Also, it is important to identify decisions, solving the individual case, provide a roadmap for resolving the series of similar contentious situations, as well as the directions of possible legislative amending.

Key words: *Cooperatives, Youth (Student) Cooperatives, The Court, The Court Decision*

JEL Classification: *L 31, K 31, J 82*

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facial. As the most important example of this kind of treatment of cooperatives in our country stand out legal solutions from 1937, by which the cooperative is defined as "an unspecified number of members of the society, namely cooperative with variable share of the business" (Vlatković,1999) In addition, each member participates directly, and by jointly managing of business operations, according to the principle of mutual assistance membership, has the task of "improving their economy". It is particularly interesting solution (regulated by a series of provisions) of this Act, according to which cooperatives may be engaged in any non-sanctioned operation, which can increase the revenues of cooperatives, or reduce their expenses. This reflects social justification of cooperatives.

It can be said that suppression of cooperatives happened in the period between 1971 (the adoption of constitutional amendments), and 1982, when the Law on the youth cooperatives was enacted as the first piece of legislation which specifically regulated the field of youth and student cooperatives. This law was created as an expression of the need to separate listed domain from the general cooperative legislation, because of increased social needs of individuals, which were partly resolved by working through youth and student cooperatives. This law has defined a youth cooperative as an organization and socio legal entity that can unite students and the unemployed, in particular for building creative and responsible attitude of young people towards work and social means, for the sake of developing the abilities and aptitudes for work, social life and application of acquired knowledge in practical work, acquiring funds to cover part of the cost of education and meeting the personal and common needs, etc., by means of performing tasks in organizations of associated labor and other organizations and communities. Membership in the cooperative was voluntary, and age of the members could be between 15 and 27 years, with what is legal through changes in 1984 upper limit was moved to 30 years.

Cooperative Act of 1996 (Law on Cooperatives was published in the "Official Journal of FRY" no. 41/96) represented the most comprehensive legal instrument in the field of cooperatives adopted since 1937 and regulated all forms of cooperatives, as well as youth and student. We have already stated that this law defines cooperative primarily as a association of persons and not as a capital company. According to the Law on Cooperatives, the member status could gain by submitting a request and signing the accession statement, but that is not explicitly defined in the cooperative body which decides on acquiring the status of its members, which means that this issue is left to the laws of cooperatives. It would be most apt that this issue is a segment of regulating cooperative rules themselves. Each cooperative is obliged to keep a book of its members which entered the name, address, occupation, form and amount of the subscribed shares, the date of acquiring the member status and the like. What is intended for the form and amount of shares to be entered in the book of cooperative members does not deny in principal the preference of the legislator that cooperative, basically, is the association of persons, because in the case of the vast majority of cooperatives it is impossible that there are elements of organization of the company capital.

Cooperative Act of 2016 (Law on Cooperatives was published in the "Official Gazette of the Republic of Serbia" no. 112/2015 and entered into force on 07.01. 2016.) did not bring any special innovations related to the regulation of cooperative authorities, but the most controversy was caused by the fact that "cooperatives and cooperative unions are obliged to provide apply for registration of common property to the cadastre, not later than 7. January 2019., for all the real estates on which they lay a certain right, and which are registered as social property or public property on 7 January 2016. In terms of real estate for which administrative or judicial proceedings relating to repossession of assets of the cooperative are in progress, 3 years period from the date the proceedings are concluded is valid. After the expiry of those deadlines, responsible cadastre will officially register such real estate as public property of the Republic of Serbia ".

Despite the fact that in the current continental legal system, so to speak, on the ground all over Europe, the case law basically does not constitute a source of law, it is difficult to dispute the assertion that the consequences of the legal effects of decisions of the courts have certain characteristics of legal origin. In simple terms, the case law, to some extent, is also a source of law in the legal system of the Republic of Serbia.

In this regard, there are, in our opinion, certain decisions of the courts in the Republic of Serbia which have established certain principles of resolving contentious issues in the youth (student) cooperatives and which, therefore, have a broader significance of overcoming individual legal conflict. Such decisions can be found at all levels of the judicial work - from the Constitutional Court to basic (formerly municipal) courts.

After reviewing the general and historical characteristics of cooperatives in the Republic of Serbia we can implement the relevant conclusions, based on the examples of court decisions, regarding solving certain problems that have arisen in the application of cooperative legislation, regardless of what concrete legislative regulations were in force at a given time.

CASE STUDY OF THE CONSTITUTIONAL COURT OF SERBIA

The applicant to Constitutional Court of Serbia has requested the assessment of constitutionality and legality of the statute of one clubbing in Belgrade. The reasons that are given in the complaint are of a procedural nature as the applicant believes that the statute was passed by the Parliament session whose mandate has expired, and therefore illegal. In the proceedings in the front of the Constitutional Court of Serbia has been established, inter alia, that the mandate of the cooperative members expired 57 days ago, and that, at the time of the adoption of acts, Assembly as a body did not act as a competent authority. Also it is taken into account that in Article 1, paragraph 1 of the Law on Cooperatives (Official Gazette of RS ", no. 57/89 and 46/95), the cooperative is defined as an independent organization of the working people and citizens who associate freely their work, resources, or labor only, or resources only in the craft, housing, youth, savings and credit and consumer cooperatives, cooperative for providing intellectual services and other unions to carry

out manufacturing or service businesses. Also, according to the provisions of Article 7, paragraph 1 hereof cooperatives adopt the statute. Of course, the formulation " brings statutes " means to be adopted by the competent authority.

By the Statute, in accordance with the above provision of the law, it is regulated, among other things, the scope of the management body and other organs and decision-making. The Assembly of the cooperative is the managing authority, ie properly managing authority by the position and function (Article 9 of the Law on Cooperatives). In the proceedings in the front of the Constitutional Court of Serbia, it has been found that the elections for the cooperative held 18.03.1994. At the current statute, mandate for the members of the Assembly cooperatives was limited to 2 years, which means that their mandate has expired as of 18.03.1996., who were, however, met 29.04.1996. and then the decision was made "on adoption of the new statute". The Serbian Constitutional Court has held that a statute enacted under such circumstances - "was adopted by a non-competent authority. "

Recognizing the indisputable authority of the Constitutional Court of Serbia as the court that makes the final decisions on which remedies can not input, we will give the view that it might be more appropriate that the Court noted that the statute has not been adopted by the competent authority because by purely grammatical analysis leads to the question whether, in the present case, the statute does enacted by any authority, with regard that it is "adopted "by a group of persons who, at the time, apparently, had only the status of former members of the said body- the Assembly of the cooperative - if at all is a status with any legal consequences.

However, it is most important to note that the Constitutional Court of Serbia brought a decision completely based on the Constitution and the law and that it created one segment of constitutional practice that has a significant legal and practical effect because, in the implementation, it is often found individual, and as we have seen, general acts too, enacted by the authority with expired mandate.

Otherwise, in practice is fairly widespread perception that a particular body has the right and duty to exercise its functions until the election of a new body, which often causes abuse in the sense that some authorities do not engage in the timely performance of their own election and re-election. However, this decision of the Constitutional Court of Serbia eliminated all dilemmas and underlined the mandatory implementation of electoral procedures on time, which certainly contributes to increasing legal certainty. Of course, the greatest legal significance has verdicts which go beyond the framework of co-operatives and laying the basis for resolving the disputed issues in the wider legal field.

CASE STUDY OF THE SUPREME COURT OF THE REPUBLIC OF SERBIA

The competent Chamber of the Supreme Court of Serbia, in closed session held on 23.04.1993., after the implementation of the legally established procedure, made a decision in the case of taxes, and against the decision of the Republic Administration of Public Revenues. The lawsuit was filed by a cooperative student

from Belgrade to the solution RAPR, Regional Center Belgrade. This judgment has a wider legal significance, because, due to the implementation of the principle of legal certainty, it is important to solve the problem when one social relationship is differently regulated in two general legal act of the same level of adoption. This means that there is practically no possibility to act differently when addressing analog cases. In the mention case, it was found that the prosecutor who was dissatisfied with decision RAPR, Regional Unit Savski Venac, timely appealed to the second instance body, and in this case it was RAPR Branch Belgrade, who rejected the appeal of clubbing as unfounded, by its decision.

Otherwise, it was about clubbing who considered that it is not subject to income tax, and that the Public Revenue Office did not have the right to make a decision that obliged the cooperative to pay this kind of tax, and requested annulment of the decision in the process of conducting an administrative dispute in the front of Supreme Court of Serbia. In the basis of making the challenged decision is the understanding that the clubbing sells its services on the market and is therefore liable to pay this tax, which is charged in the case of profit taking.

In the complaint by which is launched an administrative action, as previously in the appeal, the cooperative pointed out that the claim that it does not achieve any gain in the market, because the excess of revenue over expenditure that generates, which looks as a profit, does not have this character, considering that this is a personal income of cooperative members who, working through cooperatives, exercised the right to wages and allocate part of them to common needs (shared services, electricity, etc.), in order to easier come to work in an organized way and achieve their earnings, with what is, in essence, the right and way of doing temporary jobs through youth or student cooperative governed by the law on Labour relations and the Law on cooperatives. According to this Act, cooperative earnings has primarily social character, because the aim is the realization of assets that are primarily used to overcome financial problems in school, and not for making profit for cooperatives.

The prosecutor pointed out that is of no importance for the solution of this legal proceedings indisputable fact that when completing accounting forms entered certain figure in the column profits. Namely, all the legal entities are obliged to submit annual financial accounts, and there have been failures in the treatment of competent state bodies, because it was not designed and laid out a special form for cooperatives. Therefore, it came to be cooperative, filling the forms of financial statements, entered a certain amount in the column "profits".

In response to the complaint the defendant authority suggested that the Supreme Court of Serbia reject the claim as unfounded for the reasons given in the contested decision, considering that the company is the corporate taxpayer, as the market operator which appears on the same, selling services of its members, and so to make profit.

Serbia's Supreme Court found that the complaint was founded. The provisions of Article 26, paragraph 2 of the Law on corporation tax ("Official Gazette of RS", No.76 / 91) stipulates that the cooperative is liable to pay corporation tax, because it make profit by selling the products and services on the market. The provision of

Article 26 Paragraph 1 of the Law on Cooperatives (Official Gazette of RS", no. 57/89) stipulates that cooperatives under Article 21 of this Act is exempt from income taxes and contributions, except to the contribution referred to in Article 23. The provisions of Article 21, paragraph 1 of the same Act provides that cooperative set up a youth or student cooperative for organized provision of ancillary, administrative, professional and other tasks and duties of companies and other entities for the performance of which requires no employment, closer listed in mentioned article, points 1 - 5.

It was found that the prosecutor is actually obliged to pay corporation tax by disputed decision. The Court found that the law, in this case, is violated to the detriment of the prosecutor, because the tax balance that is in the scriptures, but on which there has been the adoption of the contested decision, and which relates to economic and labor organizations that make a profit on the market, can not be considered as evidence that the prosecutor makes a profit on the market, because of him only see the elements that make an impact when the prosecutor actually realized profits on the market. The law on cooperatives, in part related to the release of student cooperatives from taxes and contributions, except for pension and disability insurance and health insurance of cooperative members, the fact that the defendant authority had not in mind when adopting the challenged decision, nor appreciated that fact as essential when making decisions, it is necessary to take this fact into account when making new solutions in the sense of Article 62 of the Law on administrative disputes.

The judgment noted, also, that the important fact is that from the tax balance sheet which the prosecutor filed, it can not be determined with certainty whether it is a profit that is the basis for taxation, or the property of cooperative members which, no matter that might be basis for taxation, it can surely not be under the Law on Tax on profit corporation, as has been done by the disputed decision.

On completion of the analysis of this case, it can be concluded that there was a dual basis for the annulment of such a solution of the Republican Administration of Public Revenues.

First, it is not undoubtedly established that cooperative is the taxpayer at all, as the administrative authority was not engaged in the assessment of whether the revenue earned by the member of cooperative, working through youth or student cooperative, (the total amount which a cooperative turns to the investor through bill), is the property of its members as a whole, from which they set aside a part for common needs, or it is about the profit of cooperative.

However, we dare to conclude that more superficial analysis of this legal problem would show that this is not about earnings, or the profit of cooperative. According to the said article 26 paragraph 1 of the Law on Cooperatives, members of cooperative set up a cooperative to perform operations by personal work, which includes the achievement of certain earnings that is their ultimate goal. The fact that they get a job through the cooperative in an organized way, does not change the personal character of labor, and thus earned wages. How much a visionary character and impact on future legal regulations had the Constitutional Court by its stated position, shows an example of the General Rules of youth and student

cooperatives ("Official Gazette of the FRY", 20/98), who solved in this manner the legal problem described, by the provision of Article 45 of those rules, which provided that the funds for operating expenses and other common needs are calculated from the total of wages earned by cooperative members at a unique rate of 10%. It should be added that the provisions of Article 42, paragraph 1 of the general rules stipulated that the proceeds of the work of its members, which the employer pays the cooperative in the gross amount, makes the income of members of cooperatives. So, now are resolved all doubts about whether the full amount of income of cooperatives is in fact the earning of the member of cooperative from which he extracts a part for the common needs. This means that there is no part of the earnings of the members of cooperatives cooperatives which could take the form of profit in terms of the Law on corporation tax, and therefore the cooperative can not be liable to pay this tax.

Otherwise, it is necessary here to state that, in the social relations that are legally regulated by the General rules of youth and student cooperatives, there has been any change. This means that nothing has changed in the character and essence of cooperative members earnings through youth and student cooperatives from 1992 till today, but, as we have shown, the relationship that existed before were defined, except that the lack of precisely defined legal regulations caused practical concerns. As can be seen from the above example, the deficiency of legislation which is brought to the end can be compensated by superb understanding of the meaning and objectives of the existing legal norms.

Second, a much wider legal significance has the second part of the basis for setting aside the challenged decision. The fact that by the Law on Corporate Profit Tax is not invalidated provisions of the Cooperatives Act which stipulates that no one contribution is paid on the salary of member of cooperative, aside from (the Law on Cooperatives) contribution from the cooperative income, was self-sufficient fact to annul the decision by which a cooperative is bound to pay income tax, which is not envisaged by the Law on cooperatives. Here is solved one possible legal non-sens that would occur in the case that the Supreme Court did not, in such a principled way, solved the listed legal problem. In fact, the principle is essentially resolved a situation where there is a conflict of legal norms belonging to general acts of the same legal significance. In fact, by deeper analysis it can be accepted that the legislator (in case that it is expressly, by the Law on Corporate Profit Tax, envisages the obligation to pay this tax on the share of the profits of the cooperative, despite the fact that the same is made of cooperative earnings), could aspire to cover by this type of tax all the cases of earnings of legal entities, but a necessary precondition for the realization of this goal was revoking the tax benefits, provided by other legal act of the same legal force, in this case by the Law on cooperatives, and what undeniable was not done.

It is necessary to consider possible ways for overcoming problems in the legal situation when there are general legal acts of the same level of decision-making containing legal norms mutually opposing content. In fact, it is a notorious fact that against the legal norm which is incompatible with the norm of the same legal nature, can not initiate or lead a constitutional action or proceedings in the front of

the Constitutional Court. It is essential that this is about a mismatch between lower-ranking regulations with those of higher rank (eg. between certain municipal by-laws and some republican laws, republican and federal laws, etc.). In the present case, the party to which cogent norms are applied, would be in hopelessness position, since in fully applying one law, it would come under attack of the another law, which is at the same level of importance, and by which is regulated a specific legal relationship in the opposite way, and conflict can not be solved through harmonization, by conducting proceedings in the front of the Constitutional Court, for the reasons set out.

However, the Supreme Court has overcome the legal problems so as to apply a rule that, in case of doubt, always take into account the interests of the party whose rights might be damaged. Thus, the Supreme Court put the state itself in the possibility that, when making individual legal acts by state organs, suffer negative consequences because of the failure of its other segments - legislation, which did not provide compliance of legal norms as it is described in this case.

The Supreme Court, quite rightly, has promoted a principle that boils down that if there are general legal acts which differently (and perhaps, as in this case, and contrary to) regulate certain social relations, then you can always go for the interests of a client who meets all of its legal obligations, by behavior on any of these legal acts and can not bear any negative consequences because of such his behavior.

In accordance with the principle of mandatory judgment of the court in an administrative dispute (Article 4 of the Law on Administrative Disputes), after the verdict that annulled the decision against which the proceedings were conducted in the front of the Supreme Court, RAPR is responsible that without delay, and not later than 30 days, brought a new decision in accordance with the legal conceptions set out in the judgment.

EXAMPLES FROM PRACTICE OF THE COMMERCIAL COURT

Establishment of the District Cooperative Union of youth and student cooperative

Commercial courts are responsible for resolving the economic and legal status of cases, inter alia when it comes to establishing cooperative unions. Regional collective association of youth and student cooperatives is a legal institute that is explicitly foreseen for the first time by the Cooperatives Act of 1996, as the provision of Article 69 of the law stipulated that cooperative alliances are formed by types of cooperatives and for a specific territory, as a district for a certain area and the area of province. Areas for which Regional Co-operative Alliance are established, headquarters, activities and tasks are defined by the Cooperative Union of the Republic.

The provisions of Article 72, paragraph 3 of the Law on Cooperatives provides that tasks and activities of association, the seat and authorities of association, gaining membership in the alliance and other issues of interest for the

establishment of the association are determined by the Agreement on the establishment.

Two youth and one student cooperatives have applied to the Commercial Court in Belgrade for the decision-making on the establishment of the District Cooperative Union of youth and student cooperatives in the area of Belgrade, and with the requirements they have submitted, as it is provided for by the Law, founding contract signed and certified by the relevant municipal court. The Commercial Court, following proceedings, issued a decision by which the applicant's claim for entry into the court registry was adopted, and the entry into the court register of the data which were included with the application numbered 1,2,3 and 4, which are an integral part of this decision, was determined. According to the aforementioned registration, respectively solution, district cooperative union is a legal entity (the same formulation is also given by Article 72, Paragraph 1 of the Law on Cooperatives), which has the right to act in legal transactions in its own name and for its own account, in its own name and for the account of its members, or in the name of its members and for their account. The District Association is liable for its obligations with all its assets. Considering that the Law on Cooperatives (the provisions of Articles 68 - 74), which regulates the issue of cooperative unions did not envisage the question of type and scope of responsibilities of cooperatives as founders for the obligations of the cooperative association as a business entity, it means that on this question is applied an analogy with relations of member of cooperative-cooperative, in determining the liability of founder. Jurisdiction of the District Cooperative Union are determined by the decision on the establishment, in accordance with Article 70 of the Law on Cooperatives:

- Providing technical and other assistance in the establishment and improvement of cooperatives' operations,
- Representing the interests of cooperatives in the front of state bodies and organizations, banking and other financial organizations in the field of cooperatives,
- Organizing and encouraging professional development, scientific research and publishing activities, information and propaganda activities of interest for the enhancement of cooperatives,
- Decide on the transfer, or on granting the property for use which has been provided to him by the dissolution of the cooperative, in accordance with the Law on Cooperatives. It is necessary to underline here that it is the application of Article 67 of the Law on Cooperatives which provides that in other cases of discontinuation of the cooperative, after the settlement with creditors and return the shares to members of cooperative, the remaining cooperative assets are transferred to Republican Alliance, whose cooperative has been its member, to establish new cooperatives, or to cooperative alliance established in the territory where there was the headquarter of that cooperative and is used for the establishment of new cooperatives, or for the development of members of cooperative in the territory where has been the headquarter of that cooperative. So, here is

- used the opportunity for cooperative founders, or members of the District Cooperative Union to decide, by the application of general solutions from the Law on cooperatives, on creation the possibility that, in the event of discontinuation of the cooperative, their assets does not transfer in the property of association that is established for the territory of the Republic (assuming that the cooperative is a member of the Republican association and District association), but in the assets of the District cooperative union,
- Adoption of rules of the cooperative association (Article 73 of the Law on Cooperatives),
 - Decision on membership in associations, alliances, professional and other associations,
 - Organizing an arbitration and editing modes of its work,
 - Collecting data needed to conduct cooperative statistics,
 - Organizing and securing the performance of cooperative auditing activities, in the framework and the way it is entrusted by the competent authority,
 - Performing other tasks entrusted to him by cooperatives (founders), in accordance with the law, this Agreement and the rules of the cooperative union.

Finally it should be noted that the jurisdiction of the district cooperative union are governed, in this case, identically to what the solutions are given under Article 70 of the Law on Cooperatives, with the use of legal options by Article 67 of the Law, that assets in case of dissolution of cooperatives belong to District, and not to Republican alliance, and secondly, that it is open the possibility that, in accordance with Article 77 of the Law on cooperatives, Regional collective association acquires the status of an inspection association.

An action for reimbursement damages for non-payment of fees to member of cooperative by investor, when the cooperative appears as prosecutor

The Commercial Court has jurisdiction to resolve disputes arising from the business relationship and are conducted between legal entities - business entities.

One youth cooperatives accused an investor who did not paid compensation to the member of cooperative through the cooperative for the longer period of time, whereby it attached a contract which is certified by the investor, as a proof. So, cooperative has submitted a proposal for enforcement, which is a shorter way to achieve the objectives of the proposal. However, investor appealed against, stating that there are no outstanding obligations to the creditor, according to the state in his accounting records. In practice this is often the case when a borrower wants to delay the settlement of its obligations, since only the appeal against translate enforcement procedure to the normal court proceedings for compensating damages, with the maintenance of the hearing in order to conduct the evidentiary proceedings. In this case it is a procedure where cooperative, which is also its obligation, acts on behalf of and in the interests of its members, and at the same time on its own account, because it has interest for the member of cooperative to

collect his receivables, given that part of the remuneration for the work of cooperative members belongs to it.

We will mention that triple possibility of performing cooperatives in legal transactions is provided by Article 6 of the Law on Cooperatives :

- In its own name and for its own account
- on its own behalf and on behalf of its members and
- in the name and for the account of its members.

As mentioned, in this case the cooperative was featured primarily on account of its members, and at the same time and in his own name and for its own account. Namely, compensation for the work of the member of cooperative is represented by the entire amount that the borrower is required to pay to member of cooperative on behalf of his earned remuneration for work. The obligation of the debtor is to verify account that cooperative turns out to him on behalf of the cooperative members. With regard to the borrower, verifying the account admits that the work was carried out, indicating the time of work and the gross amount of compensation for the member of cooperative, it is very hard to get to a situation where the borrower does not pay his obligation voluntarily, or by force. Otherwise, the legal interest from the time of maturity of the account belongs to cooperative, or member of cooperative, so that in the present case, given that the debtor unjustifiably failed to comply with the obligations under eight different timing of issuing invoices, set up eight different interest requirements caused by maturity term of each account individually. In this case, it is a simple legal matter which is determined through a decisive legal fact presented through written evidence - certified acts by the borrower, so that evidence procedure lasts quite short. Employer - the borrower is required to pay compensation to the member of cooperative as a result of non-payment of compensation to the member of cooperative who has earned it working through cooperatives. In the final part of this legal matter, arosed obligation of cooperative to make a payment to member of cooperative upon payment of the debtor, as a cooperative must do in accordance with its obligations, established cooperative rules and other acts of cooperatives. If the cooperatives failed to comply with its obligations, it is clear that the member of cooperative would be entitled to be compensated by the cooperative.

EXAMPLES FROM THE PRACTICE OF BASIC (MUNICIPAL) COURTS

An action for damages for non-payment compensation for work to member of cooperative by the contracting authority when the prosecutor is cooperative itself

Municipal Court is competent for discussion and decision-making in disputes when an individual is suing legal entity that is responsible for damages for unpaid wages. So, because of the tripartite nature of the relationship: member of cooperative - cooperative - investor, the court's jurisdiction is determined according to who is a participant of the dispute. If an individual (member of cooperative) is

party to the dispute, then basic (formerly municipal) court is the competent authority, but if a legal entity (cooperative) is a party to the dispute - the prosecutor, then Commercial court is competent.

It follows that, in a situation where the member of cooperative takes part the role of prosecutor, it can happen that, in addition to investor who is the borrower in any case, cooperative be designated as a defendant in the case too. In our opinion, it is evident that the company may reasonable raise an objection of locus standi that was emphasized by cooperative in this case. For the solution of this issue, it is important to get into the substance of the relationship: member of cooperative - cooperative.

If the cooperative as a legal entity can have certain obligations to any legal entity, then, can be rightly asked the question, whether, because of certain circumstances, it may have specified obligation in general to its members, because they together make one whole. It should be separately observed the case when cooperatives is acting on its behalf and for its own account, and that would be the case when the cooperative, by performing its role as envisaged by the Law on Cooperatives and the cooperative rules, find a job to cooperative members and indirectly assume the obligation to carry out payment of wages to the member of cooperative, earned by using his work. Here the question arises, what is the responsibility of the concerned cooperatives in the case that, for example, the member of cooperative, through the general acts of cooperative, has agreed to be paid only upon payment of the investor. However, in our opinion, there is no doubt when the member of cooperative has found a job by himself, and cooperative is served to him entirely for the realization of his interests. So, if the cooperative has its own sequence of obtaining jobs, but the same can not be respected when engaging its members, but the member of cooperative be privileged thereby he went to work beyond the established order, thanks to the fact that he has found a job by himself, then it is clear that, in fact, in this case, it is about performing of cooperative primarily in the interests of its members and that therefore he bears the risk of untimely payment by the investor. Especially if the contract stipulates the obligation of the cooperative to pay its member only upon payment of the investor.

You should also consider the fact that, when engaging the member of cooperative, there was primary and pre-established relationship of trust between its members and the investor, because the member of cooperative who personally enters into contact with the investor would not even begun to work if he assumed that the investor will not pay his work. The role of cooperative, when starting business, is passive and exclusively linked to the decision of its members to perform a specific job. Also, in this case, cooperative appears in the function of achieving the interests of its members who independently found a job and decides to do it.

To determine the liability of the cooperative it is irrelevant whether the member of cooperative had the good judgment regarding the future performance of contractual obligations by the investor, or he could assume, or even know that there will be no payment. The fact is that the cooperative is determined subject of closing and execution of the business. It rightfully can be considered that the cooperative, in this case, has no possibility to assess the intentions and capabilities

of the investor (except in rare cases if, for example, it is about legal entity which has initiated bankruptcy proceedings, or similar).

There is a procedural detail that corroborates the previously articulated attitude. Namely, compensation for the work of the members of cooperative represent the entire amount that is invoiced to the investor by the cooperative, and a part of that amount the member of cooperative, through general acts, leaves to the cooperative, leaving to it a certain percentage of his earnings in respect of costs for common needs. It is evident that the cooperative has some costs, caused by sending its members to work, until the period of payment (eg. the cost of printing operating instructions, stationery and supplies for computers, salaries of workers who issue instructions for work and perform the calculation of earnings, commissions for the bank payment transactions, the payment of tax and other obligations, lease office space, etc.), however it is obvious that there is an obligation of cooperative members to leave the cooperative part of their earned amount to cover the above costs. Moreover, by the general acts of cooperatives, it is always determined what a percentage of the share of the earnings of its members should be, provided that the member of cooperative accepts this circumstances when signing, with the possibility that, if conditions do not suit him, do not join the respective cooperative.

So, if the claim is set so that the determination of joint liability is required for the investor and cooperative, then the court must refuse the request in relation to the cooperative, because it is evident that the cooperative is not obliged to pay the member of cooperative the part of his salary that belongs to the cooperative (a that part is always there), but in the moment of creation of the obligation for the investor. This means, expressed in percentage, that share of the earnings of the member of cooperative went to the cooperative, that was calculable when invoicing, and the member of cooperative has no right to appropriate that part, but what would happen if the court accepted the request, with the determination of the existence of joint liability for the investor and cooperative.

An additional argument in favor of the previous paragraph is that, among other things, cooperative is the payer of taxes and contributions, which means that, in the case of determining the liability of the cooperative to pay the full amount of earnings the member of cooperative, there would be evasion of social contributions, with regard to the possession of the entire amount has been a person who is not a subject to the payment of social contributions.

The member of cooperative would not be able to succeed in the statement of claim against his cooperatives neither in the case if conducted at the same time a separate dispute with the investor (requiring payment of the entire amount of earnings) and a separate dispute with the cooperative (requiring payment for work, less costs to cooperatives and social obligations), because the cooperatives (as well as investor) would be in a position to justifiably file the complaint of parallel proceedings. So, the member of cooperative would, in the present case, be entitled to successively dispute first and always with the investor, but only if he would fail to realize his rights (eg. the insolvency of the investor) possibly could, given the above, lead to litigation against the cooperative .

In this case the Court, in order to solve the basic contentious issues between the parties, (whether the cooperative is passively legitimized to discharge the obligation to the prosecutor), by a careful analysis of all the evidence, which was entirely accepted (are not called into question neither by assertions by the, nor any other evidence), but starting from undoubtedly established facts (that the prosecutor is engaged as a member of the cooperative for the needs of the investor in the period 01.05.1998. till 31.12.1998. year, and that the contract between the cooperative and the investor was closed under which the investor should immediately upon completion of the job verify operating instructions and a copy of the notarized contract - the instructions, deliver to the member of cooperative, make payment immediately upon completion of the job, provided that, in the case of delay in payment he will pay interest for the period from date of the certification, respectively from the next working day until the date of payment, and that the agreement – account was signed and certified by investor), the court has concluded that the investor (and not cooperative) is passively legitimized in this dispute.

If we start from the assumption that this is a tripartite agreement that was finally concluded by verbally accepting, or conclusive action by the member of cooperative that, under certain conditions do the work and by its entry to work (with the prior closing of a written contract between the cooperative and the investor) it appears that cooperative has not undertaken the obligation to pay its members by none of the contract segment, before the investor make the payment to cooperative, along with the fact that the member of cooperative is not even asked this question joining to work.

It is important to note that the member of cooperative is not in any obligation law relation with the cooperative, because his position is characterized in that it can decide whether, under the conditions accepted, he will work, or not to work a concrete job and, at the same time, does not bear any negative consequences if he will not work. So the member of cooperative can not use the rights provided by the Law on Obligations in relation to the cooperative, because does not exist obligation of the cooperative, determined neither by law, nor by general acts, that it pays to its members in the event that the investor fails to pay earnings for the work performed.

Finally it should be noted that the court acted correctly identifying the existence of locus standi on the side of investor, and not of cooperative. The member of cooperative has the right, at the body of cooperative legislation, to require that the cooperative in his name and on his behalf, acting at the same time and in its own name and for its own account, initiate and conduct proceedings for damages against the investor which is in any case required to make the payment of earnings to the members of cooperative in the end. The member of cooperative should, as an interested entity, appear in the role of intervener for facilitating the procedural position of cooperative in order to adopt the claim. After the forced collection, the cooperative has an obligation to suspend part of earnings of its members on the basis of the cost of the cooperative, to pay social obligations, and the rest paying the members of cooperative.

The procedure for setting aside the decision of the management body of youth cooperative to call elections

- The member of cooperative filed a complaint to the municipal court, by which he requests to annul the decision of the assembly of the cooperative, which calls elections for bodies of youth cooperative, for reasons wich:
- by the decision to call the elections it is stipulated that candidates from three electoral mid are considered elected in advance, even if they do not get a single vote, by virtue that these electoral mid are major business partners of cooperative,
- mandate of the body that made the decision to call the elections had already expired at the time of " the disputed decision ", and because
- Assembly chaired by a person who, at the time of the Assembly, had no the right to be a member of the cooperative at all, according to the Law on Cooperatives, because, at the time of the decision, he was more than 30 years old, and this age is the upper limit imposed on members of youth and student cooperatives. Also, several persons who had the same legal obstacle have attended in the work and decision-making of the Assembly.

The prosecutor asked for a provisional measure, by which to prohibit the execution of the contested decision, because of the potential of large material costs and non-pecuniary damage, which would cause adverse legal consequences, and it is likely that the prosecutor will succeed in its claim.

The reading of the decision to call the elections for deputies to the Assembly of the cooperative, it was found that the candidate lists from the three areas are not included in the electoral lists and candidates from these communities are considered as elected deputies of Assembly cooperative. Having reviewed the electoral materials, as well as the statutes of the cooperative, the court found that the mandate of the body that made the decision to call the elections expired for more than 4 months at the moment of the decision to call the elections.

The attorney of the defendant has accepted the prosecutor assertions that the person who chaired the Assembly (as well as several members of parliament), were more than 30 years old at the time of the Assembly and the adoption of the contested decision, which is in violation of the Law on Cooperatives, by which limit of 30 years with regard to age limits for members of youth and student cooperatives. is designated.

Given the established facts, the court adopted the claim ordering a temporary measure against the defendant, by which it is prohibited the execution of the decision to call the elections for deputies to the Assembly of the cooperative, provided that temporary measure lasts until the end of the proceedings.

CONCLUSION

Youth and student cooperatives is representing socio-economic area with specific characteristics which distinguish it from similar institutions in the

legislation of other states. This does not mean that we should uncritically incorporate in our laws solutions that exist in the legislation of any other country, not even in the European Union where, after all, there is no unified legislation. So, it should be retained legislative solutions which have proven to be justified in our social practice, and youth cooperatives this certainly are. This is especially important now, in the conditions of high unemployment rates, especially when young people have the problem of overcoming a situation in which they have not been able for a long time to be employed for an indefinite period.

By the analysis, inter alia, court practice in the Republic of Serbia, we come to the conclusion that the relevant existing legal solution for the whole field of cooperatives should be regulated by one law, and not by special laws by area, as was the case in certain periods of our legislative history, and now exists as the part of the regulation in comparative law.

The situation in which a cooperative body, whose mandate has expired, adopts a specific decision, has general implications in the consequential sense that such an act is null - no legal effect from the moment of its adoption. Especially important position is taken in an analyzed a court verdict that suggests other courts to adopt interim measures in such a case, because of the current effects in order to prevent irreparable damage. It is evident that the judicial reasoning in this case has principal characteristics that exceed the frames of cooperatives.

Cooperatives has particular importance in countries where the problem of unemployment is significant and, therefore, states, as a rule, provide benefits for cooperatives in relation to other economic entities by introducing a social component into market relations. This statement should encourage our legislators that, when amending legislation, act as it was done in other countries. In fact, in our country the youth cooperatives are placed at a disadvantage compared to other economic entities (so-called. "Employment Agencies"), which is contrary to all international principles and our international obligations.

When it comes to passive legitimation in a dispute initiated by the cooperative for non-payment of remuneration for work, in our opinion, which is in line with the court practice referred to in the paper, investor is passively legitimized, and cooperative can possess only procedural status of intervener, which is not in principle applied in all cases in practice.

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