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GLOBAL EDUCATION, SKILLS AND COMPETENCIES:

*How to Deliver High
Quality Business
Education in Accordance
With the Market Needs*



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6TH BIENNIAL
INTERNATIONAL
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FOR BUSINESS, ECONOMY,
SPORT AND TOURISM



October 15–16, 2018

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Management
Skopje, Macedonia

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in Accordance with the Market Needs*

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Skopje, Macedonia

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Ladies and Gentlemen,

It is my great honor and pleasure to welcome you to the Sixth International Congress, ICON BEST 2018, on the topic: „GLOBAL EDUCATION, SKILLS AND COMPETENCES: HOW TO SUPPORT HIGH QUALITY EDUCATION IN ACCORDANCE WITH MARKET NEEDS”.

The Congress is organized by the University of Tourism and Management in Skopje which constantly monitors the educational, scientific and economic trends in the developed economies around Europe and all over the world, the idea is to create and implement innovations that will bring us closer to the standards of the European Union.

I am convinced that each of us will give an extremely high contribution to the exchange of information and its current scientific thoughts while sharing ideas about tourism, economy, education in the 21st century, managing intellectual capital as well as creating an entrepreneurial business environment. The best practices for improving the business climate in the region and wider will be presented at the Congress. At the same time you will have the opportunity to establish business contacts with prominent leaders in the field of tourism and management.

Thank you for participating in the Congress.

Rector
Prof. Dr. Sci. Ace Milenkovski

**GLOBAL EDUCATION, SKILLS AND
COMPETENCIES: HOW TO DELIVER HIGH
QUALITY BUSINESS EDUCATION IN
ACCORDANCE WITH THE MARKET NEEDS**

About the congress

International Congress for Business, Economy, Sport and Tourism - ICON BEST 2018 is an International congress regarding research in business, sport, economy and tourism organized by the University of Tourism and Management in Skopje. The ICON BEST is traditionally organized since 2008. It first started as a Scientific Conference and from 2009 was organized as a Scientific Congress and as a biennial event. This year we celebrate and organize the 6th Scientific Congress.

So far the scientific meeting comprised the following topics:

- **Tourism** (Socio Cultural Effects of Tourism, Cultural and Economic Effects of Events on Destination, Environmental Impacts of Tourism, Food Culture and Tourism, Tourism in Multimedia, Gastronomy as a tourism resource: profile of the culinary tourist, Safety and security in global tourism, Entrepreneurship in Tourism, Sustainable tourism and well-being),
- **Marketing & Integrated Marketing Communications** (Marketing (Product & Service, International Marketing, Marketing Logistics, Strategic marketing, Advertising, Integrated Marketing Communications, Strategies of Marketing Communication, Pricing Strategy, International Marketing Strategy and Sustainability, E-Business and Competitive Strategy, Branding, Marketing planning, Public relations, Strategic Marketing Management for Nonprofit Organizations),
- **HR Management & Leadership Skills and Competences** (Recruiting and Hiring Trends, Aligning Corporate Culture with Business Strategy, Effective HR Business Strategies, Talent Management Strategies, Performance Management

Innovation, HR Technology, HR Innovation, Employee Engagement, Aligning Corporate Culture with Business Strategy, Engagement & Culture),

- **Management & Entrepreneurship and New Technologies:** Strategic management, Innovation management, Investment management, Information management systems, Total quality management, Entrepreneurial management, Social entrepreneurship, Technological entrepreneurship, Entrepreneurial business, Business ethics, Globalization and business, Sustainable development, Competitive advantage, Information and communication technologies),
- **Economy & Finance** (Sharing Economy, Microeconomics, Macroeconomics, Finance and Banking, Labor Economics, International Economics, International Finance, Public Economics, Public Administration and Management, E-Business and Competitive Strategy),
- **Business education and Quality Assurance** (Teaching practices, Student performance, Learning environments, Accounting education, Finance education, Management education, Marketing education, Organizational behavior, Business curriculum development),
- **Politics and Legal aspects of Education** (How Should Politics Influence Education Policy, Reflections on the Future of Global Higher Education, New Century Education System: Cultural, Political & Social Influences, Contemporary Issues in Law and Politics of Education, Managing the law in education: Strategies for education leaders and the organizations that support them, The changing political terrain: Trends affecting higher education, Conflict Resolution and World Education),
- **Open Topics Related to Business Education** (Bridging the gap between education and business on global and local level, Digital media and business education, Innovation, entrepreneurship and education, Social responsibility and business strategy alignment, Learning by doing - reshaping the classroom).

The main aim of the congress is to put emphasis on the importance of business, economy, sport and tourism as important factors for improvement of national economic development. This year the working title of the congress is “**Global education, skills and competencies: How to deliver high quality business education in accordance with the market needs**”.

During the congress we want to open discussions with academicians how to foster academic excellence and student achievement at both the graduate and undergraduate levels in the

field of tourism, economy, entrepreneurship, human resources management and marketing management. With working title of this congress we want to encourage scientists to provide solutions how students should be provided with a strong academic foundation with access to various specialized knowledge bases and they are prepared to become productive, competent professionals, and responsible citizens in the diverse, dynamic global arena.

Having in mind that Universities have mission for permanent implementation of quality improvement measures as a way to achieve high professional and academic standards, we believe that during congress, scientists will provide different approaches for measuring institutional effectiveness as well different tools and effective techniques for identifying where changes and improvements are necessary. In order to do this institutions need to verify that their universities programmes has taken into consideration the views and needs of future employers: public and private sector, or to achieve inclusion of the employers needs in defining the mission, action plan and curriculum content and to provide continuous adaptation of the programme to new trends and hence to new requirements of the business and public sectors employers.

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Content

TOURISM

NEED FOR TRANSFORMATION OF THE SPA CENTERS IN THE REPUBLIC OF MACEDONIA IN THE FUNCTION OF THE WELLNESS TOURISM. A. Milenkovski, M. Gjorgievski and D. Nakovski	15
TOURISM AS AN IMPORTANT FACTOR IN ECONOMIC DEVELOPMENT. S. Gramatnikovski, M. Nichkova and M. Stojmirova	25
CLIMATE ANALYSIS AND THEIR ECONOMIC AND TOURISTIC SIGNIFICANCE IN THE MUNICIPALITY OF BEROVO IN THE REPUBLIC OF MACEDONIA. K. Pavlov, N.V. Dimitrov and G. Pavlovski	43
THEORETICAL RESEARCH ON TOURISM AND GLOCALISM – THE CASE OF REPUBLIC OF MACEDONIA. R. Mijalov and G. Kitevski	60
MANAGEMENT MODEL FOR TOURIST DESTINATION PROMOTION CASE STUDY: POPOVA SAPKA. A. Zdravkovska Ilievska, M. Matlievska and I. Zakoski	66
CLIMATE ANALYSIS AND THEIR ECONOMIC SIGNIFICANCE IN THE MUNICIPALITY OF KRIVA PALANKA IN THE REPUBLIC OF MACEDONIA. K. Pavlov	85
TYPES OF TOURISM AND THEIR IMPACT ON THE DEVELOPMENT OF TOURISM IN THE MUNICIPALITY OF TETOVO. A. Kadriu	103
PROBLEMS OF THE IDENTITY, IMAGE AND THE BRANDING OF THE REPUBLIC OF MACEDONIA AS A TOURIST DESTINATION. G. Kitevski and K. Mijalova	112

ECONOMY & FINANCE

DEVELOPMENT OF THE HUMAN RESOURCE ECONOMIC MANAGMENT. S. Kozuharov, R. Stoilkovska and G. Stojmenovic	119
APPLICATION CAPACITY OF TIME SERIES MODELS FOR FINANCIAL FORECASTING. Z. Ivanovski, N. Ivanovska and Z. Narasanov	128
EFFICIENT OR NONLINEAR BEHAVIOR OF MACEDONIAN STOCK MARKET. J. Angelovska	146
IMPACT OF SMALL AND MEDIUM ENTERPRISES ON ECONOMIC DEVELOPMENT AND EMPLOYMENT. S. Miladinoski and J. Karapetkova	164
CASE STUDY: TRADE WAR BETWEEN THE US AND THE REST OF THE WORLD. L. Lipková	178

DYNAMIC INTERACTIONS AMONG BALKAN STOCK MARKETS. E. Dobardžić, A. Dobardžić and J. Petrović	191

LABOUR MARKET AND LABOUR RELATIONS: THE CASE IN MACEDONIA. S. Bardarova and M. Serafimova	208

CONTEMPORARY ENTREPRENEURIAL APPROACHES FOR THE NEEDS OF THE LABOR MARKET - A REVIEW OF EXPERIENTIAL KNOWLEDGE IN MACEDONIA AND SEVERAL EUROPEAN COUNTRIES. M. Serafimova and S. Bardarova	227

BUSINESS EDUCATION AND QUALITY ASSURANCE

METHODOLOGY FOR HIGHER EDUCATION QUALITY ASSESSMENT BASED ON OUTCOMES ASSESSMENT. Z. Ivanovski, Z. Narasanov and N. Ivanovska	242

BUSINESS ETHICS AND SOCIAL RESPONSIBILITY AS A FACTOR FOR IMPROVING THE CORPORATE IMAGE OF THE BUSINESS ORGANIZATIONS. V. Milenkovska, K. Tapcanovski and D. Karapalevski	261

PERSPECTIVES FOR TOTAL QUALITY MANAGEMENT IN HIGHER EDUCATION IN MACEDONIA. V. Milenkovska and B. Novkovska	279

ADULT PARTICIPATION IN LIFELONG LEARNING: EDUCATION FOR REDUCING SKILL GAPS WITH PERSPECTIVE FOR BETTER EMPLOYABILITY IN SELECTED EUROPEAN COUNTRIES. K. Dumičić, T. Milun and J. Antić	289

ETHICS AND MORAL VALUES IN THE CONCEPT OF GLOBAL EDUCATION. K. Mitevska Petrusheva, B. Novkovska and V. Mucunska Palevska	309

HR MANAGEMENT & LEADERSHIP SKILLS AND COMPETENCES

ESTABLISHMENT OF TALENT DEVELOPMENT SYSTEM TO INCREASE THE PROFESSIONAL SKILLS OF EMPLOYEES. A. Stoilkovska and M. Velkovski	317

THE IMPACT OF THE SELF-ASSESSMENT ON THE CAREER DEVELOPMENT OF EMPLOYEES. A. Stoilkovska and A. Markovska Ilievska	335

FACILITATED LEADERSHIP IN SECURITY SERVICES AS A FACTOR FOR MORE EFFICIENT MANAGEMENT WITH CRISIS SITUATIONS. K. Petkovski, A. Dashtevski and J. Dukovski	353

THE NATIONAL QUALIFICATION FRAMEWORK AS A TOOL FOR LIFELONG LEARNING AND CAREER DEVELOPMENT. N. Janevska and A. Stoilkovska	368

THE ANALYSIS OF THE WORKPLACE AIMED AT EFFECTIVE	392

ALLOCATION OF HUMAN RESOURCES. J. Petrovska and E. Avtova	
TEAM COLLABORATION BETWEEN MANAGERS AND EMPLOYEES - FACTOR FOR SUCCESSFUL WORKING IN THE ORGANIZATIONS. M. Radevska	412
THE COMMUNICATION BETWEEN THE EMPLOYEES IN THE PUBLIC SECTOR, PRECONDITION FOR SUCCESSFULLY DONE WORK TASKS. A. Markovski and M. Radevska	423
MANAGEMENT & ENTREPRENEURSHIP AND NEW TECHNOLOGIES	
ENHANCING ENTREPRENEURIAL SKILLS OF EMPLOYEES IN THE EDUCATION PROCESS. N. Ristovska and S. Stankovska	434
PRIVACY AND DATA PROTECTION IN INTERNET OF THINGS REGARDING THE NEW EU REGULATION. I. Ivanovska, J. Miloshevski, V. Angjelkoska and A. Risteski	455
MARKETING & INTEGRATED MARKETING COMMUNICATIONS	
APPLICATION OF INTEGRATED MARKETING COMMUNICATIONS IN CREATING COMPETITIVE ADVANTAGE OF THE HIGHER EDUCATION INSTITUTIONS. D. Blazeska and D. Petrovski	471
THE CONCEPT OF GAMIFICATION IN MARKETING. Lj. Naumovska and M. Georgievska Cvetanovska	489
ECONOMIC PROPAGANDA AS A TOOL OF THE PROMOTIONAL MIX IN THE FUNCTION OF IMPROVING THE WORK OF COMPANIES. I. Stojcevski and A. Milenkovska Klimoska	499
OPEN TOPICS RELATED TO BUSINESS EDUCATION	
HIGHER EDUCATIONAL SYSTEM: PERSPECTIVE, TRENDS AND FUTURE CHALLENGES. Z. Ivanovic, S. Bogdan and S. Baresa	520
ATTITUDES FOR EDUCATIONAL REFORM IN LATIN AMERICA. CASE STUDY: CHILE. K. Brocková and R. Kucharčík	537
THE ENVIRONMENT OF STUDYING IN THE PROCESS OF BETTERING THE EDUCATIONAL SYSTEM. M. Radevska and S. Temelkovska	546
PRINCIPLE'S LEADER COMPETENCIES IN THE FUNCTION OF REALIZATION OF QUALITY IN THE EDUCATIONAL ROLE IN PRIMARY EDUCATION. S. Petreska	557

POLITICS AND LEGAL ASPECTS OF EDUCATION

EVOLVING A NEW PARADIGM IN EDUCATION APPROPRIATE TO THE NEEDS OF THE 21ST CENTURY. J. Ilieva and G. Serafimovic	571
ETICS, MORALITY AND HUMAN RIGHTS. A. Dashtevski and G. Grncharovski	580
PUBLIC ADMINISTRATORS AND RULES FOR THEIR BEHAVIOR IN THE PUBLIC SECTOR. A. Markovski, M. Radevska and S. Temelkovska	596

NEED FOR TRANSFORMATION OF THE SPA CENTERS IN THE REPUBLIC OF MACEDONIA IN THE FUNCTION OF THE WELLNESS TOURISM

Ace Milenkovski¹
Mijalce Gjorgievski
Dejan Nakovski

Abstract

Wellness tourism has now grown into a serious form of tourist movement and is an important part of the tourism industry with significant economic impact. Within the framework of wellness tourism it covers more sectors, among which are: Spa, Wellness Tourism, Thermal/Mineral Springs, Workplace Wellness, and Wellness Lifestyle Real Estate, while the global wellness economy in 2015 is estimated at 3.7 trillion US dollars.

The wellness economy now represents more than 5% of global economic output and is almost half the size of all global health expenditures, which reached \$7.6 trillion in 2014, from 2013-2015, the wellness economy grew by 10.6%. In 2015, there were 121,595 spas operating around the world, earning \$77.6 billion in revenues and employing more than 2.1 million workers, global spa economy has been growing by 12.1% annually in Euros since 2013. In 2015, spas were operating in 210 countries around the world, the majority of these were concentrated in the key markets of Asia-Pacific, Europe, and North America. Europe led in total spa revenues in 2015, the number of spas has continued to increase and their revenue growth has been strong in local currency.

The aim of the authors in the paper is to present the situation with the spa centers in the Republic of Macedonia, which, contrary to the analysis of statistical data, indicates that the spa centers are not an important part of the country's wellness economy and do not follow the global trend of growth. Due to these statistical data, the authors are on the opinion that it is necessary to transform the spa centers in the function of health tourism, which is also the subject of the research in this paper.

Keywords: Thermal springs, development, tourist product.

JEL classification: Q26; L83

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TOURISM

INTRODUCTION

The term wellness tourism covers a wide range of activities related to a healthy lifestyle, but essentially it comes to integrated collaboration between the health and tourism sectors. It is important to note that although ‘wellness’ has been adapted by the business community, from a health point of view the term is problematic to define (Pyke et al. 2016). Whilst wellness and tourism are not a new concept within tourism, the two themes have a long history of association in stimulating tourism development (Page et al. 2017). Tourism studies has also become more focused on wellbeing in the last few decades, both from a theoretical and methodological perspective (Smith and Dickmann 2017). Consequently, it was not until the new millennia that wellness begun to be rediscovered as a rebranded form of niche tourism, with global awareness promoted through the internet and social media especially the focus on the body and mind as a means to achieve wellness through a tourism experience (Page et al. 2017). For the purposes of this paper, the authors accept the definition of wellness tourism given by Global Wellness Institute (GWI), they define wellness as the active pursuit of activities, choices, and lifestyles that lead to a state of holistic health.

The Global Wellness Institute notes and develops original estimates for ten wellness sectors, table 1.

Table 1. Global Wellness Economy in 2015

Wellness sectors	Estimated value
Spa	\$99b
Wellness Tourism	\$563b
Thermal/Mineral Springs	\$51b
Work-place Wellness	\$43b
Wellness Lifestyle Real Estate	\$119b
Beauty and Anti-Aging	\$999b
Fitness and Mid-Body	\$542b
Health Eating, Nutrition and Weight Loss	\$648b
Preventive and Personalized Medicine and Public Health	\$534b
Complementary and Alternative Medicine	\$199b

Source: Global Wellness Economy Monitor - January 2017, figure 1.

TOURISM

The authors on the subject of analysis in the paper will process only one sector Wellness economy, it's the sector of Thermal/Mineral Springs, and the situation regard to tourism in the sector Thermal/Mineral Springs, in the Republic of Macedonia, primarily because of the tradition but also because of the potential that it has in the country. Tourism is a vitally important industry to many regions of the world and forms an important and growing part of the world's economy (Jarvis et al. 2016). Thermal/mineral springs can be seen as a pull factor in tourism. Following that, pull factors of destinations attract people towards themselves with respect to their motivation (Nikjoo and Ketabi 2015). The dynamics of tourism and its growing importance has increased tourism demand studies (Koichi and Thompson 2015). Economic characteristics of home countries can cause considerable variations in the tourism demand (Zhang et al. 2016). An aging population brings with it many social issue concerns over welfare provision, employment, health, transportation, and personal mobility (Young Wook et al. 2015). Visiting thermal springs for medicinal purposes is one of the oldest forms of health-related travel in most parts of the world (Boekstein 2014).

This industry is mostly concentrated in Europe and Asia, in this area there is a long history of thermal mineral springs. Europe and Asia account for over 95% of industry revenues and over 90% of establishments, as shown in table 2.

Table 2. Thermal/Mineral Springs by Region, 2015.

	Establishments	Revenues
Asia-Pacific	20.146	\$29.2b
Europe	5.612	\$19.7b
Latin America	1.148	\$1.2b
North America	237	\$0.6b
Middle East	39	\$0.2b
Sub-Saharan	324	\$0.06b
Africa		

Source: Global Wellness Economy Monitor - January 2017, figure 7.

Many European countries have a long tradition of using thermal mineral waters for medicinal purposes, these countries constitute the most important market for thermal/mineral springs industry.

TOURISM

Thermal/mineral springs is rising industry, GWI estimate that there are now 27,507 facilities built around thermal/mineral springs, located in 109 countries, and earning \$51.0 billion in revenues in 2015. This indicates that there are rapidly rising consumers, investor, and government interest in springs-based activities.

1. METODOLOGY

The analysis is based upon extensive primary and secondary research conducted from August to September 2018. Research included a review of recent literature and reports on spas, wellness, wellness tourism, thermal/ mineral springs, workplace wellness, and wellness real estate. Secondary data from the State Statistical Office of the Republic of Macedonia are also used. A comparative analysis was made for comparing data from GWI and data from the State Statistical Office of the Republic of Macedonia. During the research, several research methods were used such as: analysis and synthesis, comparison, statistical data processing methods.

2. RESULTS AND DISCUSSION

The thermal/mineral spring industry is comprised of revenue-earning business establishments associated with the wellness, recreational, and therapeutic uses of waters with special properties. The thermal/mineral spring industry as part of wellness economy sector will be in steady growth, which will follow current consumer and demographic trends. GWI project that five wellness sectors will all grow at a rate faster than global GDP growth, of 4,5% annually. The thermal/mineral spring industry will grow at a rate of 4,8% annually, by 2020. The industry's solid growth trajectory, by GWI is project to rump up over the next 5-10 years. Such growth will be facilitated by several factors such as: need for therapeutic and healing function of thermal/mineral waters; suitability for use of thermal/mineral springs for all ages and all types of visitors in bathing as a complementary activity during travel; the variety of experiences during thermal/mineral springs bathing.

TOURISM

Table 3. Wellness Sector Growth Projections, 2015-2020

	Projected Market Size (US\$ billions)		Projected Average Annual Growth Rate
	2015	2020	2015 - 2020
Spa Facilities	\$77.6	\$103.9	6.0%
Thermal/Mineral Springs	\$51.0	\$64.6	4.8%
Wellness Tourism	\$563.2	\$808.0	7.5%
Workplace Wellness	\$43.3	\$55.1	5.0%
Wellness Lifestyle Real Estate	\$118.6	\$152.8	5.2%

Source: Global Wellness Economy Monitor - January 2017, table 1.

On the base of growth trajectory, many countries are including thermal/mineral springs in their tourism development and marketing strategies. As the authors noted earlier (table 2.), this industry is mostly concentrated in Europe and Asia, in this area there is a long history of thermal mineral springs activities. The concentration of thermal and mineral springs in Europe and Asia is visible in the list of Top Twenty Thermal/Mineral Springs Markets in 2015 (table 4.). Specifically in the Top Twenty Thermal/Mineral Springs Markets, 14 countries are in Europe, it represents 70 percent, of the markets in table 4. The authors consider these data significant, as the data indicate the tradition in the thermal/mineral springs industry in Europe, and they point out the possibility and need for Macedonian thermal/mineral springs industry to strive for that market.

Many countries in Europe are developing new marketing and tourism policies around their thermal/mineral springs for development purposes.

Table 4. Top Twenty Thermal/Mineral Springs Markets, 2015.

	Number of Establishments	Revenues (US\$ billions)	Rank in 2015
China	2,200	\$15,721.6	1
Japan	17,328	\$12,493.4	2
Germany	1,265	\$6,823.7	3
Russia	823	\$3,075.9	4
Italy	760	\$1,674.5	5
Austria	181	\$905.1	6

TOURISM

Turkey	267	\$691.5	7
Hungary	546	\$665.9	8
Spain	247	\$658.8	9
Poland	185	\$620.6	10
France	175	\$582.4	11
Brazil	147	\$526.1	12
Czech Republic	90	\$513.0	13
United States	217	\$487.7	14
Switzerland	71	\$479.6	15
Slovenia	74	\$426.8	16
Slovakia	97	\$371.0	17
Portugal	84	\$308.2	18
Iceland	139	\$301.1	19
South Korea	96	\$293.2	20

Source: Global Wellness Economy Monitor - January 2017, table 15.

Another very important feature of thermal/mineral springs industry is the diversity of tourist offer that provides the tourism market. There are many categories and types of thermal/mineral springs establishments, as illustrated in table 5. The thermal/mineral springs industry encompasses a wide variety of different types of establishments; some are recreational in nature (e.g., thermal water swimming pools and waterparks), some are medical or therapeutic (e.g., many sanatoria in Europe), and some focus on wellness-enhancing experiences.

Table 5. Types of Thermal/Mineral Springs Establishments

Primarily Recreational	Primarily Wellness	Primarily Therapeutic or Curative
Thermal/mineral water swimming pool facilities	Thermal/mineral water bathing facilities	
Thermal/mineral water based water parks	Thermal/mineral water based spas	Health resorts and sanatoria that use thermal/mineral waters for treatments
Hotels/resorts with thermal/mineral water swimming pools	Thalassotherapy spas and resorts	
Thermal or hot springs resorts		

Source: Global Wellness Economy Monitor - January 2017, figure 21

TOURISM

Since many facilities presented in table 5. overlap multiple categories, authors accept the categorization of the Thermal/Mineral Springs Establishments into two basic categories for the purposes of this research: Thermal/mineral springs establishments that offer spa services, and Thermal/mineral springs establishments with no spa services (GWI, 2017).

The first facilities offer complementary, spa services (e.g., massage and other treatments) alongside their bathing offerings, and incorporate the water into spa treatments. The second one are typically recreational and bathing facilities.

Just over one-quarter of all thermal/mineral springs establishments offer value-added spa services (e.g., massage, facials, hydrotherapy, and other treatments) alongside their bathing offerings. The facilities that offer value-added services tend to be more developed facilities and a wider range of offerings; therefore, they earn higher revenues than those facilities with bathing only, and they account for nearly two-thirds of the industry's revenues.

Table 6. Thermal/Mineral Springs Facilities and Revenues by Type, 2015.

	Number of Establishments	Revenues (US\$ billions)	Avg. Annual Revenues per Establishment
With Spa Services	7,172	\$32.1	\$4,479.220
No Spa Services	20,335	\$18.9	\$930.328
Total Thermal/Mineral Springs Industry	27,507	\$51.0	\$1,855.644

Source: Global Wellness Economy Monitor - January 2017, table 16.

On the territory of the Republic of Macedonia, there are 8 thermal/mineral springs. They are evenly located over the country, this is considered by the authors as an advantage in function of tourist utilization. It is indisputable that the geographical attributes of tourism destinations represent the key component of their resource base (Jovicic, 2016). The focus of the authors in the analysis of the contemporary situation in thermal/mineral spring industry in Macedonia is on the available data relating to tourism, presented in a table 7.

TOURISM

Table 7. Tourism indicators in thermal mineral springs in Macedonia

	Thermal mineral springs	Catering business units	Number of rooms	Number of beds	Turnover of catering trade and services in '000 denars	Tourists by types of accommodation establishments	Nights spent by tourists, by types of accommodation establishments
Thermal mineral springs		5	531	1 296	166 035	28 276	227 919
Total	8	1 150	28 305	73 168	8 848 227	856 843	2 461 160
Share in %		0.4%	1.87%	1.73%	1.87%	3.3%	9.2%

Source: Statistical Yearbook of the Republic of Macedonia, 2017

From the data in table 5 it can be seen that out of 8 thermal mineral springs, 5 are actively in use. They have a 531 room and 1,296 beds, which is a very small number compared to the total number of rooms and beds in the country, in percentage terms it is 1.75%. The current situation is also unsatisfactory in terms of other tourism indicators, with a share of 1.8% - Turnover of catering trade and services, 3.3% - Tourists by types of accommodation establishments, to 9.2% - Nights spent by tourists, by types of accommodation establishments. A common feature is that they are thermal/mineral springs facilities without spa services. In terms of this issue, modern trends must be followed and develops new facilities adapted to international standards and demand and supply in the tourism sector (Panahi et al. 2015).

CONCLUSION

Thermal/spring industry is an important part of Wellness economy, which features an annual projected growth of 4.8%. Thermal/mineral spring facilities with spa services generate 70% more tourist traffic than others facilities with no spa services. The Republic of Macedonia has natural preconditions for the development of Thermal/mineral spring industry, there are 8 thermal/mineral springs on the territory of the country. Contemporary situation with the thermal mineral/springs industry

TOURISM

in the Republic of Macedonia is not on the required satisfactory level to develop tourism. There is a need to develop new facilities adapted to international standards and demand and supply in the tourism sector. Such adaptation refers to thermal/mineral spring facilities with spa services.

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TOURISM

TOURISM AS AN IMPORTANT FACTOR IN ECONOMIC DEVELOPMENT

Sashko Gramatnikovski¹
Meri Nichkova
Marina Stojmirova

Abstract

Tourism is a social and economic phenomenon that has evolved over the last two decades into one of the widest and most important social trends in modern society.

Tourism, due to its influence and reflection in many branches and activities in the modern economic world, receives the primacy of a very complex and important economic category, with extremely dynamic growth and development characterized by profound quantitative and qualitative changes.

In the literature, tourism is presented as an economic phenomenon, which after the oil and chemical industry is categorized as a third activity that has the greatest contribution to the economic growth and development of the national economy as well as the world economy, which simultaneously offers accelerating of the local and regional development as well as employment growth.

The aim of this paper is to indicate the economic significance of tourism as one determinant that has a strong impact on the national economy of each country, with particular reference to the Republic of Macedonia.

Keywords: tourism, economic impact, national economy, tourism development, tourists, accommodation facilities.

JEL classification: Q26; L83

INTRODUCTION

Parallel to the development of the world economy, the structure of the activities is also changing to a large extent i.e. the size and participation of the individual sectors in the social product, national

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TOURISM

income and employment. If this process is analyzed, it can be noted that starting from the 1980s to the present, the main structural change in the world economy is largely perceived by the growing amount of services, i.e. through the significant participation of the tertiary sector in the following activities: trade, tourism, insurance, transport, banking, finance, education etc.

There is almost no country where tourism does not have a significant part of the services sector. This way, both in economically developed countries and in those middle and less developed countries, services represent a significant opportunity and chance for serious involvement in the international division of labor. Tourism as a service activity takes up a significant place and has a huge impact as the most profitable and largest industry in the world.

Tourism has become a social phenomenon that marks the last four decades with its dynamism and massiveness.

The forecasts by the World Tourism Organization are that by 2020, international travel will exceed 1.6 billion travel trips, out of which 1.2 billion will be on a regional level, while 378 million on more distant tourism trips. In this respect, by 2020, the top three tourist regions with the highest attendance will be: Europe (717 million tourists), East Asia and the Pacific (397 million) and America (282 million), followed by Africa, the Middle East and South Asia¹.

Regarding the tourist trips in the Republic of Macedonia according to the latest statistics from the State Statistical Office, the number of tourists in November 2017 was 50 869, and the number of nights spent was 115 749.

The number of tourists in November 2017, compared to November 2016 (according to the latest statistic information) is increased by 15.2%, and the number of nights spent is increased by 18.1%. The number of domestic tourists in November 2017, compared to November 2016, is increased by 1.3%, while the number of foreign tourists is increased by 24.5%. The number of nights spent by domestic tourists in November 2017, compared to

¹ UNWTO (2010): UNWTO Tourism Highlights. UNWTO Publications Departments, 2010. p.11.

TOURISM

November 2016, is increased by 0.1%, while the number of nights spent by foreign tourists is increased by 35.9%. In the period January-November 2017, compared to the same period from the previous year, the number of tourists is increased by 16.3%, whereas the number of domestic tourists is increased by 5.7%, while the number of foreign tourists is increased by 23.5%.

In the period January - November 2017, compared to the same period from the previous year, the number of nights spent is increased by 12.2%, whereas the number of nights spent by domestic tourists is increased by 4.6%, while the number of nights spent by foreign tourists is increased by 22.6%¹.

Mainly the international tourism turnover is achieved between the developed countries in the world and especially in the northern hemispheres (France, Italy, Great Britain, Austria, Germany, and America - 54% income and 53% expense - with Japan 63% expense). It is about the strongest receptive and broadcasting tourist areas of the developed economic structures, the high standards and the pronounced cultural and social contents. Hence the integrity of the structural supply and demand that provides significant segmentation of the tourist offer.

In the Republic of Macedonia in 2016 tourism revenues amounted to about 180-200 million dollars, and in 2017 according to the latest data, 138 million dollars².

Tourism as a branch of the economy accounts for 10% of the world's GDP, while the largest consumers are the Chinese tourists, followed by US tourists and on the third place are Russian tourists.

The statistics show that tourism stimulates the world economy, according to large number of researches that indicate that tourism constitutes 30% of the world's export of services and 6% of the total export of goods and services, which, as an export category, is situated just behind the oil, chemical and the food industry.

¹ State statistical office of the Republic of Macedonia, Information – Tourism 2017, <http://www.stat.gov.mk/pdf/2018/8.1.18.01.pdf> downloaded 18.01.2018

² Ibid

TOURISM

1. THE BASIC ECONOMIC FUNCTIONS OF TOURISM

Any consumption that generates economic activity is valuable for macroeconomic attention. Tourism is an increasingly revenue-generating branch and has an increasing impact on the national economy and, for these reasons, captures the attention and interest of the economic science, which, by exploring tourism as a commercial category, places it in a relevant group of sciences that accelerate economic growth and development of the country, thanks to the continued increase of tourist movements. Also, the data shows that in the last twenty years the growth rate of tourism is twice as high as the GDP growth rate. It is interesting to mention that the revenues generated by the tourism are higher than the revenues generated in health, energy and agriculture.

In this context, within the economic functions of tourism, the main ones are those who primarily have a positive impact on the economic development, not only of a given tourist country, but of the world as a whole. Hence, as the most frequently analyzed positive economic effects of tourism are¹:

- the multiplicative function of tourism;
- the impact on the gross domestic product;
- the possibility for tourism to create new jobs and directly and indirectly absorb a large number of able-bodied people;
- the influence on capital investments;
- the contribution of tourism to leveling the balance of payments;
- the impact on the development of other related economic activities;
- encouraging proper regional development of the country, etc.

Also, tourism has direct effects on those direct and indirect participants in the tourism industry who directly sell goods and services to tourists, such as accommodation facilities, transport companies, trade network, as well as all other participants who directly meet the tourist needs.

¹ Unković, Zečević, *Ekonomika turizma*, p. (Tourism economics)

TOURISM

Consequently, as the most characteristic, from the group of direct economic effects of tourism, we distinguish¹:

1. Impact on gross domestic product;
2. Impact on employment;
3. Influence on investments;
4. Impact on the balance of payments;
5. Impact on other related economic activities; and
6. The impact of the tourism on regional development.

The tourism with all its complexity has a huge impact on the employment of the population. This economic impact of the tourism actually coincides with one of the goals of economic planning for tourism development, and that is its contribution to reducing of the unemployment.

2. THE IMPACT OF THE TOURISM ON THE RAPID DEVELOPMENT OF UNDERDEVELOPED AREAS

The tourism is an activity that can encourage the development of underdeveloped areas that could not have been driven by the industrial development. Some countries have managed to develop very rapidly thanks to the tourism, as the driving force behind its rapid development. Such an example can be noticed in Italy, which continuously and heavily invests in the development of tourism in the south of the country in order to accelerate the country's total economic development, then in Greece, which with the development of island tourism improves its economic growth.

This shows that the number of countries where tourism is the main economic activity that mostly enhances economic growth and development is not small.

3. THE INFLUENCE OF TOURISM ON THE BALANCE OF PAYMENTS OF THE COUNTRY

In economic literature, in terms of tourism, a lot of attention is paid to the impact of tourism on the national economy, primarily on the balance of payments, because this impact is one of its most important economic functions. This impact is of great importance

¹ Unković, Zečević, *Ekonomika turizma* p. (Tourism economics)

TOURISM

because in some national economies, the foreign exchange inflow from tourism is the most important item of income in the country's balance of payments. This type of foreign exchange inflows does not fall into the group of realized exports of goods across the border, but this type of exports belongs to the group of "invisible export", i.e. it is an "import" of tourists - consumers whose consumption in the destination they stay makes the foreign exchange inflow, rather than the standard export of goods.

The literature contains opinions and attitudes regarding the economic functions (effects) of tourism that are globally divided into two basic groups¹:

1. Those who are connected with income circulation i.e. with the spatial, temporal and branch redistribution of the already generated income; and
2. Those who act in terms of creating a new, source income, or newly created value.

There are a number of advantages of this kind of export in relation to the classical export of goods and services²:

- Some types of goods that can't be subject to an exchange in international trade, such as natural, cultural or social activities of the country, can be valorized only exclusively through tourism. They are indirectly "sold" to tourists in the form of tourism products.
- Some products, however, are "exported" by selling them to foreign tourists staying at the destination, such as bottles of wine, souvenirs and the like at a price that is far higher than being exported in a traditional way.
- Exports by sale to foreign tourists result in high profits, because according to the above mentioned high prices, it is

¹ Fleming, William, Toeper, Lorin, *Economic Impact Studies: Relating The Positive And Negative Impacts To Tourism Development*. Journal of Travel Research, July 1990, vol. 29 no. 1, pp. 35-42

² Fleming, William, Toeper, Lorin, *Economic Impact Studies: Relating The Positive And Negative Impacts To Tourism Development*. Journal of Travel Research, July 1990, vol. 29 no. 1, pp. 35-42

TOURISM

characterized by low costs, i.e. the costs of transport, insurance and similar are excluded.

- Some of the fast rotting products, such as agricultural products sold to tourists, may not be eligible for export due to insufficient infrastructure development and management of export flows.

According to the aforementioned advantages, tourism is considered as a relatively inexpensive and easy way of earning foreign currency that is necessary for the development of the state and society. Given that many countries today face the problem of deficit in the balance of payments, international tourism can help to alleviate this problem and contribute to the provision of financial resources. Therefore, a large number of countries through the attractive tourist offer stimulate the consumption by the foreign tourists and thus lead to the leveling of the balance of payments of the country.

The impact of tourism on the balance of payments is even greater if viewed as a goal of tourism activity with all the industries and sectors associated with it. In the literature, this total contribution to tourism is measured by the Tourism Satellite Account (TSA)¹, which is used by the World Trade Organization, which also considers that there are so far undiscovered economic effects on the economy of a country as a whole, which thanks to the tourism, can be found and weighed. Hence, it can be concluded that all countries, regardless of the level of economic development, if they have objective conditions for nurturing and developing of the tourism, pay great attention to this economic activity. Data indicate that the tourism really contributes significantly to leveling of the balance of payments, such as the case of Greece where tourism revenues account for 40.5%, in Spain 33.2%, and in Austria 29.3%.

Balance of payments data show that Macedonian tourists in 2017 spent 162 million euros on trips abroad, which is 18 million euros more compared to the previous year. This means that over the last year in the tourism sector in the country in terms of revenues and expenditures from the tourism were estimated about 419

¹ More at <http://statistics.unwto.org/>

TOURISM

million euros, and the achieved positive balance was 94.5 million euros¹.

The data for 2017 shows that the largest foreign exchange inflow from foreign tourists was realized in July and August, 30.7 million euros and 43.9 million euros respectively. In June foreigners spent 20.7 million euros in the tourism sector, and in September 24.2 million. In other months, the revenue is around 15 million euros. Otherwise, tourism as a commercial branch participates in the Macedonian gross domestic product and in 2015 and 2016 its share is 3.2%, and it is planned to reach 5% by 2020².

4. A MULTIPLICATIVE IMPACT OF THE TOURISM

Some of the most characteristic influences of the tourism are its multiplicative effects.

The multiplicative effects of tourism consist in the fact that the funds from tourism consumption circulate in the economy and thus significantly influence the economy in a given tourist destination, in the sense of creating an additional market for a number of economic activities, primarily in the production activities. In this way, with the inclusion of most of the economy of the given tourist country, with the help of tourism, in fact, it accelerates not only the economic, but also the overall social development of the tourist destination, as well as the country as a whole.

The multiplier in tourism refers to the effect of tourist spending by foreign tourists ("invisible exports") on the national economy, as well as the effects of tourism consumption by domestic tourists, that is, the effect of the money they spent in a particular resort, on the development of economic activities at that place. In doing so, part of the spent financial resources from the tourists gets the character of investments in the tourist destination, and as such, in

¹ State statistical office of the Republic of Macedonia, Information – Tourism 2017, <http://www.stat.gov.mk/pdf/2018/8.1.18.01.pdf> downloaded 18.01.2018

² State statistical office of the Republic of Macedonia, Information – Tourism 2017, <http://www.stat.gov.mk/pdf/2018/8.1.18.01.pdf> downloaded 18.01.2018

TOURISM

the coming period, those will affect the amount of the national income of the tourist destination.

The most comprehensive account of the multiplicative impact of tourism on the national economy was given by H.G. Clemente in his study "The Future of Tourism in the Pacific and Far East," drawing out a number of examples from the Pacific and Middle Eastern countries. According to the theory of tourism multiplier, a dollar spent by foreign tourists over a year is multiplying in the national economy's "flow of blood" and gets a value of 3.2 US\$. Furthermore, the multiplier coefficient shows the number of turnovers received from foreign tourists over one year and following the example of the economies of the Pacific countries and the Far East, amounting to 3.2¹.

5. THE IMPACT OF TOURISM ON THE EMPLOYMENT

One of the more important benefits that a country's economy can derive from tourism relies on the fact that tourism as an activity affects the opening of a large number of jobs and thus contributes to addressing the unemployment problem. The development of tourism in a certain area offers a significant opportunity for direct employment in the tourist industry (accommodation, food, traffic, etc.), but also in the activities that are directly related to the tourism and have significant benefits from tourism (trade, construction, industry, agriculture and others).

Unlike other branches of the economy, tourism always maintains a high level of labor demand, which is based primarily on the need for workforce in hospitality catering, retail and public transport. It should be noted that there is not a small level of workforce employed for a specific time (seasonal), which is usually engaged as an amplification and assistance of permanently employed tourist and other workers, especially during the tourist season. Furthermore, tourism enables the employment of people from different educational profiles, from those who directly offer

¹ Dwyer, Forsyth, *Measuring the benefits and yield from foreign tourism. International Journal of Social Economics*, Vol. 24 Iss: 1/2/3, pp.223 - 236

TOURISM

services and who work in different technical and technological processes, to those creative personnel who create modern tourism products and are engaged in development policy in tourism.

However, the impact of tourism on employment is often the subject of criticism, which most often refers to the fact that most tourism jobs are of seasonal character, then it is difficult to find an appropriate profile of professionalism and qualifications of employees, up to those with lower qualifications, which can objectively disturb the quality of the tourist offer.

6. INDIRECT IMPACT OF TOURISM

The financial resources that foreign tourists spend when visiting a particular destination cause the development of activities that are indirectly related to tourism. Industry, construction, agriculture and other activities are expanding the market for selling their own products through the tourism, such as various industrial activities that participate in the equipping of tourist facilities, the construction that participates in their building, the agricultural products used in catering offers etc.

This way, the tourist spending realized by foreign tourists and their financial resources has additional effects on the national economy, circulating through a number of economic transactions. These funds are shed mostly in those activities indirectly related to the tourism, which we previously mentioned.

7. NON-ECONOMIC FUNCTION OF TOURISM

The non-economic i.e. social functions of tourism contribute to the humanistic values of the tourism. They can be divided into: health functions, entertainment functions, cultural functions, social and political functions of tourism.

The health function of tourism is an extremely important function that reflects in the area of protection and preservation of health, as well as treatment of the population. The very fact of the positive impact of tourism on human health has a backlash. Since the health motives become the primary reason for tourist trips and on the basis of such motivation, a specific form of tourism arises, so called health tourism. This type of tourism binds to places and

TOURISM

areas with favorable climate, thermal healing water and other natural agents that have a positive impact on the human health. In modern tourism the term medical tourism is used as part of the health tourism, as well as health-preventive tourism which contains programs that are made up of professionals for protection or prevention of diseases. Around the world these programs are known as MPAH programs or Medical programmed active holiday.

The entertainment and cultural function of tourism has an important role in the psychic recreation of tourists. The content of the tourist offer in the field of entertainment, recreation and culture make the stay of tourists more convenient and interesting, which fully contributes to the greater satisfaction and need of the tourists during their stay at the destination. The destination's art, history and culture are important travel motives for modern tourists that visit the specific destination in which this type of attractions represent an attractive and promotional force at the destination. In addition, the various types of events, manifestations, festivals, fairs, exhibitions, concerts and other cultural and entertainment events become the main instigator of the tourist demand for the given destination.

The social function of tourism affects the reduction of differences between individual nations, races, classes or other types of groups. The tourist movements provide the opportunity for contact between people, getting to know different cultures, languages and customs, ideologies, economic and other achievements, which has a great influence in creating mutual tolerance. This impact on tourism practically means that travelers build imaginary bridges on a global scale and thus eliminate borders. Some countries develop incentive measures for the development of the so-called social tourism, whose main feature is that tourists do not pay full vacation expenses, but they are subsidized by the state or certain companies.

The political function of tourism is reflected in the fact that tourism contributes to peace and understanding among people. Tourism can be said to have the role of "peace ambassador", clears borders and brings people together. Positive political and diplomatic donations create a positive image of the country where the tourist destination is located. Tourism in some way also deletes the borders of intolerance that bring peace that encourages tourists

TOURISM

in tourism movements. On the other hand, tense relations cause negative consequences such as military clashes, robberies, protests, struggles, etc., which naturally cause fear to tourists and direct them to another destination.

8. TOURISM DEVELOPMENT IN THE REPUBLIC OF MACEDONIA

The Republic of Macedonia is a country with exceptional wealth, historical and cultural heritage and in many respects has the potential for creating a quality tourist offer in different tourist categories.

A tourist offer in Macedonia is attractive both for domestic as well as for foreign tourists due to its specificity. It includes the tourist attractions and natural beauties of the country, culture with invaluable cultural heritage, tradition and customs, attractive archaeological sites, city tourism, lake tourism and more recently national gastronomy as a world trend in tourism.

As a key year for Macedonian tourism, it is considered 2016 by many parameters, since this year the number of tourists for the first time after the independence of Macedonia exceeded half a million. According to estimates, if there was no crisis in 2001, in 2016 the number of foreign tourists could have reach up to 1 million. This year is considered as a key one, as we previously mentioned because the number of foreign visitors reached the level of 1977, when for the first time the number of foreign tourists in Macedonia exceeded half a million.

"Golden Years" for Macedonian tourism are those from the period from 1977 to 1990, when the country annually visited more than 500,000 foreign guests. The maximum number was reached in 1987 when Macedonia has been visited by a record number of 689.016 foreign visitors.

After this year, a decrease in the number of foreign tourists followed, which, particularly, fell rapidly in 1990, when only 294,323 tourists visited Macedonia. The lowest record number of foreign tourists in the last sixty years who have visited Macedonia was the "military" 2001, with only 98.946 people. Although ever since then, this number has grown steadily, but it is still

TOURISM

significantly below the numbers realized in the "golden age" for tourism, when the country was still part of the former Yugoslavia.

According to the State Statistical Office data, the number of tourists in November 2017, when the last calculations were made, was 50.869, and the number of nights spent was 115.749.

The number of tourists in November 2017, compared to November 2016, has increased by 15.2%, while the number of nights spent has increased by 18.1%.

The number of domestic tourists in November 2017, compared to November 2016 has increased by 1.3% and the number of foreign tourists has increased by 24.5%.

The number of nights spent by domestic tourists in November 2017, compared to November 2016, increased by 0.1%, and the number of nights spent by foreign tourists increased by 35.9%.

In the period January-November 2017, compared to the same period last year, the number of tourists increased by 16.3%, as follows: domestic tourists increased by 5.7%, while foreign tourists increased by 23.5%.

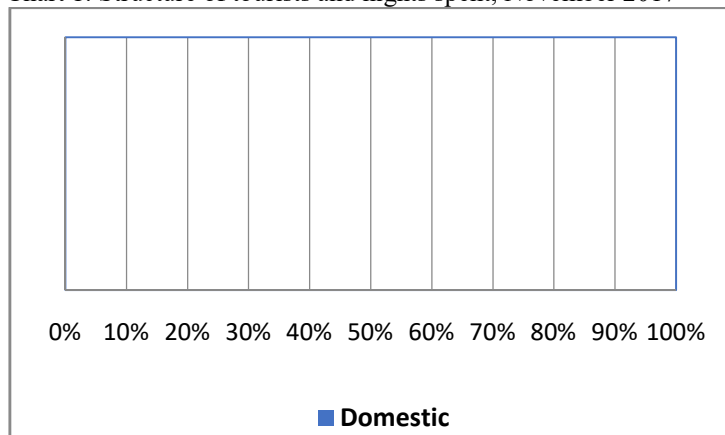
In the period January-November 2017, compared to the same period of the previous year, the number of nights spent increased by 12.2%: the number of nights spent by domestic tourists increased by 4.6%, while the number of nights spent by foreign tourists increased by 22.6%.¹

The structure of tourists and overnight stays are presented in Chart 1.

¹ State statistical office of the Republic of Macedonia h
<http://www.stat.gov.mk/PrikaziSooopstenie.aspx?rbtxt=69>

TOURISM

Chart 1: Structure of tourists and nights spent, November 2017



Source: State Statistical Office of the Republic of Macedonia, Announcement no. : 8.1.18.01, 12.01.2018

Regarding the financial benefits of tourism, according to the data of the National Bank of the Republic of Macedonia, the foreign exchange inflow in 2017 was 136 million US\$, and in the same year, 2.1% of the total investments in the country were invested in the tourism. The projections for 2018 are that the trend of investing in tourism will continue to rise.

As a result of the subsidies, which from 2010 onwards are used in the development of tourism, the tourists from the neighboring countries also returned. European countries have a steady increase in the number of tourists, especially those from the Netherlands, Finland and Poland. Foreign tourists are also subsidized for Benelux, Scandinavia, United Arab Emirates, Japan, China, India, Russia and Ukraine.

For 2018, it is announced that tour operators which will bring tourists from Kazakhstan, Azerbaijan, Qatar, Germany, USA and England will also receive subsidies.

By subsidizing low-cost airline flights, Macedonia with direct connections connected the major cities in Europe and the world, something that for a long time was a huge problem for recruiting tourists from major cities around the world.

TOURISM

It is interesting that in the first two months of 2016 (January and February), 219.378 passengers were transported from both Skopje and Ohrid airports, which is 27.9% more compared to the same period in 2015 when the number of transported passengers amounted to 171.480 passengers. The most frequent destinations for the number of passengers for the period January-February were: Zurich 12.2%, Istanbul 12%, Malmo 5.6%, Basel 5.2%, London with 5.1%, Vienna 4.8% and others¹.

The number of foreign tourists in Macedonia in the past eight years has increased more than double. The total number of tourists marks growth of almost 40%.

The number of domestic tourists in the winter period in 2017 compared to the same period in 2016 is increased by 8.4%, and the volume of foreign visitors is almost identical to 2016. An increase of 0.3% was recorded.

Table 1: Number of tourists and overnight stays by types of tourist places and by types of accommodation facilities, December 2017

	Tourists			Nights spent		
	total	domestic	foreign	total	domestic	foreign
Total	50.869	17.948	32.921	115.749	48.693	67.056
Types of tourist resorts						
Skopje	21.226	2.660	18.566	37.211	4.097	33.114
Spa resorts	2.762	2.242	520	24.048	20.172	3.876
Mountain resorts	3.234	2.401	833	4.930	3.717	1.213
Lake resorts	11.852	6.142	5.710	23.752	13.884	9.868
Other resorts	11.795	4.503	7.292	25.808	6.823	18.985

¹ Source: <http://skopjeinfo.mk/zgolemen-brojt-na-patnici-na-aerodromot-aleksandar-veliki> ; downloaded on 22.01.2018

TOURISM

Types of accommodation establishments						
Hotels - total	42.148	12.234	29.914	75.580	19.840	55.740
Hotels *****	13.285	2.421	10.864	21.785	3.890	17.895
Hotels ****	16.839	4.931	11.908	29.008	7.790	21.218
Hotels ***	7.260	2.677	4.583	13.855	4.414	9.441
Hotels **	3.601	1.661	1.940	8.742	2.961	5.781
Hotels *	1.163	544	619	2.190	785	1.405
Boarding houses	55	14	41	99	19	80
Motels	453	168	285	2.013	292	1.721
Tourist apartments	462	28	434	1.687	46	1.641
Overnight lodging houses	832	449	383	1.921	603	1.318
Spas	2.762	2.242	520	24.048	20.172	3.876
Mountain lodges and houses	91	21	70	91	21	70
Workers' vacation facilities	401	325	76	747	523	224
Children and youth vacation facilities	201	120	81	557	203	354
Camps	88	8	80	212	14	198
Houses, vacation apartments and rooms for rent – total	1.783	1.742	41	6.010	5.914	96
Sleeping cars	350	137	213	350	137	213
Uncategorized accommodation establishments	1.243	460	783	2.434	909	1.525

CONCLUSION

Regardless of the development, almost all countries tend to develop tourism, with serious involvement in international tourism

TOURISM

movements, because they will enable them to provide dynamics of the total socio-economic development.

The Republic of Macedonia has a quality and diverse basis for tourism development. The natural wealth, as well as the reached level of accommodation and other tourist facilities suggest that many types of tourism can develop, especially if the spatial diversity of the natural potential is taken into account.

The development of the tourism economy depends mainly on the level and state of development of the entire economy of a country. Accordingly, a small country such as Macedonia, according to the territorial size and the number of inhabitants, should direct its economic growth through the development of tertiary activities, among which the tourism should take an important place. Increasing the frequency of export of the social product predetermines the tourism of Macedonia for achieving high foreign exchange and overall development effects. Therefore, the expected effects of the tourism on a longer term should allow for an increase in its share in GDP of at least 6-8%. And if this is added to the increase in basic and additional employment in other economic activities that are indirectly related to tourism, especially in the trade (retail), then the effects would be more significant.

The generator's role of tourism in the economic development of Macedonia, as well as the well-known multiplier effects created by tourism, will lead to an increase in the total employment, then improving the balance of payments in the foreign trade, better cooperation with the states, promotion of culture, science etc.

The Republic of Macedonia needs to continuously develop strategies for tourism development, operational plans for implementing the strategies, as well as measures in the domain of economic, fiscal and monetary policy, which could raise tourism to a higher level and enable its faster development, which would rapidly increase the economic effects of it.

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TOURISM

CLIMATE ANALYSIS AND THEIR ECONOMIC AND TOURISTIC SIGNIFICANCE IN THE MUNICIPALITY OF BEROVO IN THE REPUBLIC OF MACEDONIA

Kole Pavlov¹
Nikola V. Dimitrov
Gjorgi Pavlovski

Abstract

The Municipality of Berovo is located in the Malesevo Basin, which covers the outer eastern parts of the Republic of Macedonia. The location, relief characteristics and vegetation factors in Berovo impose the appearance of a climatic type that is unusual for the other settlements in the Republic of Macedonia. By analyzing several basic meteorological elements in the period 1971-2000, referring to the meteorological station in Berovo, a continental climate type was identified that reflects both the thermal and the pluviometric regime, with sufficient moisture in the summer period, exposure to the northern air impacts, with low minimum temperatures and pronounced daily fluctuations in temperatures. Climatic characteristics in the Municipality of Berovo express its advantages and disadvantages in several activities from the primary, secondary and tertiary sectors such as: agriculture, industry, traffic and especially tourism.

Keywords: climatic factors, meteorological elements, temperature, precipitation.

JEL classification: Q26; L83

INTRODUCTION

Considering the climate as multiannual regime over the specific place which depends on the climatic factors and the absolute value of the underlying climatic elements observed at the same place in the given period. As an important natural and geographical feature, the climate is an important factor in the development of several economic branches, especially in: agriculture, water economy, electricity and others (Lazarevski, 1993). The climate is also one of

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TOURISM

the main factors in the development of tourism and tourism movements (Gjorgievski, Nakovski, 2014). The subject of research in this labor was the climate in the municipality of Berovo. The purpose of the research was to determine the actual stimulating and limiting impacts of climate phenomena and processes on the development of economic activities in the municipality. Realization the set goals, firstly imposed the need for an analysis of the basic characteristics of the climate in order to define the climate type that characterize the Berovo municipality in a standardly recommended thirty-year period (Dukić, 1977). This was possible through a detailed analysis of the values of eight climatic elements in the period (1971-2000): air temperature, rainfall and snow, winds, cloudiness, humidity, air pressure and fog. The results of the analysis gave significant estimates of the possibilities and directions in which the development of some economic activities in the municipality of Berovo should be directed in near future.

1. STUDY AREA

The Berovo municipality is located in the Malesevo Basin which is a graben structure in the outermost regions of the Republic of Macedonia (Figure 1). The municipal borders cover the upper catchment area of the river Bregalnica between: the Maleshevo Mountains in the south, Plachkovica and Obozna to the west and Vlaina to the east. Only in the north is open through the valley of Bregalnica and the horst Bejaz Tepe (Stojmilov, 2011). The area of the Municipality of Berovo covers 598 km². The altitude of the municipal territory lies in the belt of 700-1000 meters. The total population is about 13,941 inhabitants in 9 settlements out of which 7,002 inhabitants in the city settlement Berovo (Census, 2002). The population density is 23.3 inhabitants/km². Special natural features for the Berovo municipality are forests that cover 50% of the territory and pastures 20%.

TOURISM

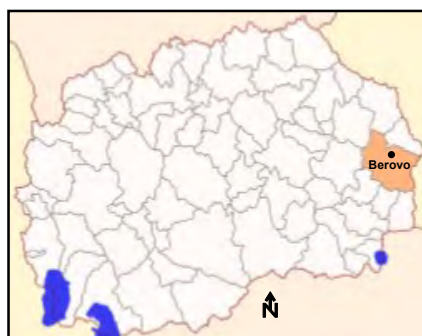


Figure 1. The Municipality of Berovo in the Republic of Macedonia

2. METHODS AND DESIGN

The determination of the climate type in the Municipality of Berovo with all the specifics and their influence on the development of certain economic activities required the application of several methods and procedures. The research activity was based on statistical data on the meteorological station in the city of Berovo in the period 1971-2000, which were collected and archived in the Hydrometeorological Institute of the Republic of Macedonia. Thus in the first step, a standard meteorological processing of the data for defining the thirty-year climate regime and the climate type was made in overall, using the Microsoft Office Excel package 2007. In some of the meteorological elements, besides the standard statistical analysis, special procedures for calculating certain indicators or coefficients have been used. Thus, it was used: the drought index, according to De Martonne, Lang's rain factor, Kerner's thermal climate index, etc. The analyzed data and indices were graphically displayed afterwards for the purpose of which the Corel Draw and Surfer 8 packages were used. According to the results, a recommendation for the development of certain economic branches that the determined climate should stimulate was made.

TOURISM

3. RESULTS AND DISCUSSION

Air temperature

In terms of air temperature as a climatic element, they were elaborated in detail: the average monthly, absolute maximum and absolute minimum temperatures for the measuring station Berovo in the period 1971-2000. The processing of air temperature data in Berovo for the period 1971-2000 gives an average temperature of 8.4 °C (tab.1). The deviation from the average for the thirty-year period ranges from 7.6 °C (2000) to 10.1 °C (1994).

Table 1. Average monthly temperatures in Berovo (1971-2000)

Period	MONTH											
1971-2000	I	II	III	IV	V	VI	VII	VIII	IX	X	XI	XII
Σ (average)	-1,2	1,2	3,5	8,1	12,9	16,5	18,4	17,7	13,9	8,9	3,9	0,5

Table 2. Absolutely maximum temperatures in Berovo (1971-2000)

Period	MONTH											
1971-2000	I	II	III	IV	V	VI	VII	VIII	IX	X	XI	XII
Σ (max.)	16,2	17,3	21,5	25,5	30,1	32	37,4	36	31,6	28,8	23,5	19

Table 3. Absolutely minimum temperatures in Berovo (1971-2000)

Period	MONTH											
1971-2000	I	II	III	IV	V	VI	VII	VIII	IX	X	XI	XII
Σ (min.)	26,7	24,8	18,3	9,6	12	0,2	2,0	2,7	1,6	7,1	19	19,6

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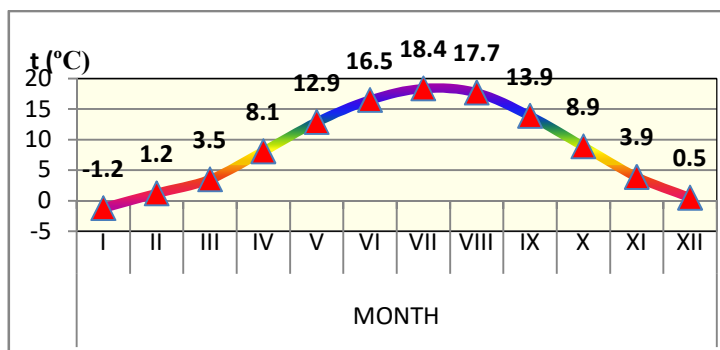


Figure 2. Average monthly temperatures in Berovo (1971-2000)

The absolute maximum temperature (37.4 °C) during the period was measured in July, and the absolute minimum (-26.7 °C) in January (tab. 2). The continental nature of the climate reflects the minimum temperatures that are relatively low in the spring, but also in the summer months (tab. 3). Berovo's membership in the continental thermal region of the Republic of Macedonia (Zikov, 1995) confirms the thermal power coefficient set by Kerner (Srebrenović, 1986). It is calculated as a quotient between the difference between October and April temperature $T(\text{October}) - T(\text{April})$ and the annual temperature fluctuation. The thermal power coefficient for Berovo has a value of 4.6%. According to Kerner, places with values above 15% have a maritime climate, and if the value is less than 15%, so much continental character is more pronounced. The disadvantageous thermal influence on the Berovo economy is most pronounced in agriculture, especially in vegetable and fruit crops. Namely, the vegetation period with temperatures ($> 10^{\circ}\text{C}$) lasts only 220 days. Absolutely minimum temperatures with ice show up by the end of May. They lead to malformation of the seeds and pigmentation of the fruit (Pressman et al., 1998). The daily temperature fluctuations characteristic of Berovo also lead to cracking of the fruits (Dorais et al., 2004). The thermal regime in Berovo according to Otorespec (1980) is responsible for breeding: rye and oats (cereal), potatoes, beans (horticultural), plum, nut,

TOURISM

chestnut, blueberries (fruit) and aromatic tea plants. In terms of tourism development in the Municipality of Berovo, the conditions for mountain tourism from recreational type are recommended for recreational people of different types, especially for respiratory diseases, then for picnic and excursion tourism, especially in the summer months, which are characterized by favorable and refreshing low average temperatures ($<18.5^{\circ}\text{C}$) and low minimum temperatures ($<8.3^{\circ}\text{C}$).

Precipitation

Precipitation is an important climatic element that determines climate in one place with influential repercussions on many natural processes, organic world and economy. Their distribution is influenced by: the location, the relief, the surrounding seas as well as the constant winds. According to the schedule of the annual amount of precipitation, the municipality of Berovo belongs to the continental pluviometric regime.

Table 4. Monthly sums of precipitation in Berovo (1971-2000)

Period	MONTH											
	I	II	III	IV	V	VI	VII	VIII	IX	X	XI	XII
1971-2000 Σ (average)	31, 7	39, 8	37, 5	51, 9	64, 1	59, 1	51, 9	46, 1	43, 4	50, 8	57, 9	49, 9

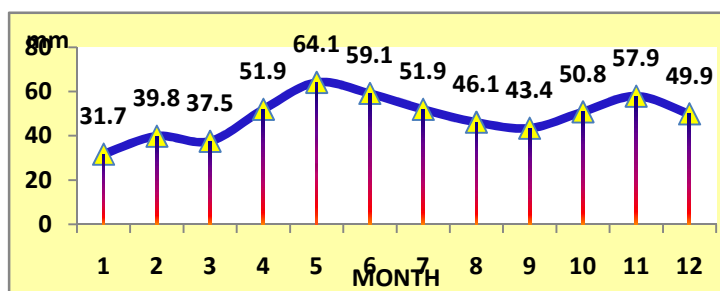


Figure 3. Average monthly precipitation in Berovo (1971-2000)

TOURISM

From the obtained data for the given thirty-year period, the annual precipitation regime is clearly visible, so that the driest month is January with 31.7 mm, and the most humid month is May with 64.1 mm. The average annual sum is 566.1 mm (tab.4, figure 3). The amount in the vegetation period (May-October) is 315 mm, ie 55% of the annual amount, which is of particular importance in agriculture.

Absolute monthly oscillation of precipitation

The difference between the maximum and the minimum amount of rainfall per month over a period (1971-2000) represents the absolute monthly fluctuation of precipitation. It is the highest in October with 162.2 mm (tab. 5).

Table 5. Absolute monthly fluctuations of precipitation in Berovo (mm) from 1971-2000

	I	II	III	IV	V	VI	VII	VIII	IX	X	XI	XII
mm	70.6	74.6	90.5	83.3	87.9	157.9	120.8	122.6	145.6	162.2	150.1	137.8

Annual fluctuation of precipitation

The difference between the sums of the most humid and most arid month over a period reflects the annual fluctuation. The above tables show that the value in the period 1971-2000. for Berovo is 32.4 (May 64.1 mm; January 31.7 mm). The annual fluctuation of precipitation is known to be an important factor for the yield and economy of agricultural regions (Prasanna, 2014).

Relative annual oscillation of precipitation

The relative annual fluctuation of precipitation (expressed in%) represents the quotient of annual fluctuation and the annual amount of precipitation for one place per period (1971-2000). This is about 5.7% (32.4 mm/566.1 mm) for Berovo. This oscillation is also a clear indicator of Berovo's membership in the continental pluviometric regime (for values below 8%). As the value is lower,

TOURISM

the annual distribution of precipitation is more even (Zikov et al., 1997).

Relative pluviometric excess

This term in the climatology was introduced by the Angot (Dukić, 1977) and is the difference between the actual precipitation expressed in promilles and (hypothetically) equally distributed precipitation during the year expressed in (promilly). In doing so, a smooth deployment for monthswith 31 days would fall to 85 ‰; for the months with 30 days, 82 ‰, and for February, 77 ‰. Months with positive pluviometric excess for Berovo (according to the Angot) are wet: April, May, June, July, October, November and December. Months with a negative excess are dry: January, February, March, August and September (tab.6). Wet months: May, June and July are welcome for growing fodder crops, while limiting their effects on cereals and fruit growing. This situation vitally maintains mountain and sub-pasture pastures during the summer period, giving great potential in the development of livestock breeding of pasture: sheep breeding and cattle breeding, but also beekeeping. The rainy summits on the other hand are an obstacle to the development of tourism (Yuksel, 2008).

Table 6. Relative pluviometric excess inBerovo (1971-2000)

	I	II	III	IV	V	VI	VII	VIII	IX	X	XI	XII
Real amount (mm)	31,7	39,8	37,5	51,9	64,1	59,1	51,9	46,1	43,4	50,8	57,9	49,9
Real amount (‰)	56,0	70,0	66,0	92,0	113,0	104,0	92,0	81,0	77,0	90,0	102,0	88,0
Smooth division (‰)	85,0	77,0	85,0	82,0	85,0	82,0	85,0	85,0	82,0	85,0	82,0	85,0
Relative excess	-29,0	-7,0	-19,0	10,0	28,0	22,0	6,6	-4,0	-5,0	5,0	20,0	3,0

TOURISM

Pluviometric coefficient

According to the Ango, the pluviometric coefficient is an indicator of the annual distribution of precipitation in one place. It is the ratio between the actual monthly amounts of precipitation expressed in % and the equilibrium (hypothetical) distribution expressed in %. Months that have a value (over 1) according to this coefficient are wet, and those with a value (under 1) are considered dry. Those months with value (0.50) received only half the amount of precipitation that would be evenly distributed during the year. Dry winter months according to the pluviometric coefficient, January and February, versus to the other conditions, there is a serious shortcoming for the development of winter-sports tourism for practicing ski disciplines, and similarly in the Municipality of Berovo (tab 7).

Table 7. Pluviometric coefficient in Berovo (1971-2000)

	I	II	III	IV	V	VI	VII	VIII	IX	X	XI	XII
Berovo	0.65	0.9	0.77	1.12	1.32	1.26	1.08	0.95	0.93	1.05	1.24	1.03

Rainfall factor and drought index

The rain factor (according to R. Lang) is the quotient between the annual amount of precipitation and the average annual air temperature (Dukić, 1977). This value for Berovo is 67.3. According to the scale of R. Lang in relation to the rain factor, Berovo is characterized by a humid climate with weak forests (which is valid for values from 60 - 100). The French geographer Emm de Martonne introduced the size of the drought index by which the climate can be defined in terms of humidity (Dukić, 1967). It is calculated as a quotient between the annual amount of precipitation and the average annual temperature increased by ten. The drought index for Berovo is 30.7. According to the scale of De Martonne, in Berovo there is constant running of the basin (exorism) and irrigation is not necessary (with the exception of some cultures) that applies to all places with a value of 30-40. Such a situation is of great use in: animal husbandry, orchards and

TOURISM

forestry and processing industries related to these activities, such as: meat, dairy and timber industry. This equation De Martonne has modified and adapted for estimating the intensity of the drought, ie the aridity of individual months of the year. This is determined as the ratio of the product from the average monthly precipitation (P) and precipitation days (J), versus the average monthly temperature (T) in one place. According to this equation, Berovo has no arid months since the value for August is 19, which is twice the upper bound for aridity (10).

Days with rain and snow

Table 8. Days with Rain and Snow in Berovo (1971-2000)

Month	I	II	III	IV	V	VI	VII	VIII	IX	X	XI	XII
Snow	8	7,1	6,1	1,2	0	0	0	0	0	0,4	3,8	7
Rain	4,8	5,1	6,7	11	13,7	9,9	8,1	7,3	6,6	0,8	7,7	6,7

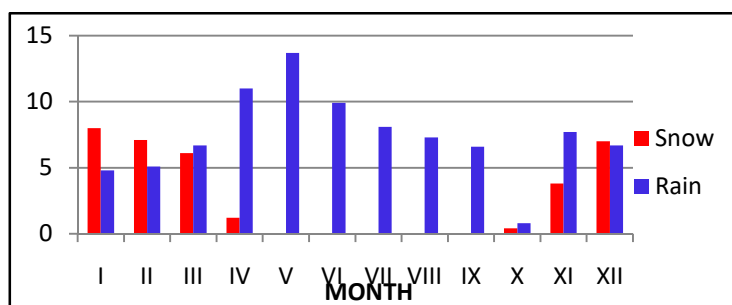


Figure 4. Days with Rain and Snow in Berovo (1971-2000)

The total annual number of days with rain in Berovo is 88.4 with a maximum in May and a minimum in October. The average snowy days per year in the year in Berovo are 34.1 (tab 8, figure 4). The most snowy month is January with 8 days. The most snowy days appeared in 1981 with 58 days, and the least snow was in 1972 with 16 days. The short duration of the snow cover is the only disadvantage to the development of winter sports in the Municipality of Berovo.

TOURISM

Cloudiness

The cloudiness in Berovo ranges from 3.4 tenths in July to 5.8 tenths in January, showing the highest value among the meteorological places in the Republic of Macedonia. The average cloudy for the thirty-year period is 4.9 tenths (Table 9, Figure 5). Increased cloudiness in the vegetative period, practically denotes reduced intensity of photosynthesis and reduced synthesis of organic matter in plants (Otošec, 1980). Such conditions require a careful selection and care of crops that have less need for sunlight such as: corn, millet, beans, potatoes, alfalfa and others. In the forestry they are: fir, beech, linden and others.

Table 9. Clouds (in tenths) in Berovo (1971-2000)

Period	MONTH											
1971-2000	I	II	III	IV	V	VI	VII	VIII	IX	X	XI	XII
Σ (average)	5,8	5,6	5,6	5,4	5,5	4,4	3,5	4,0	3,6	4,6	5,5	5,7

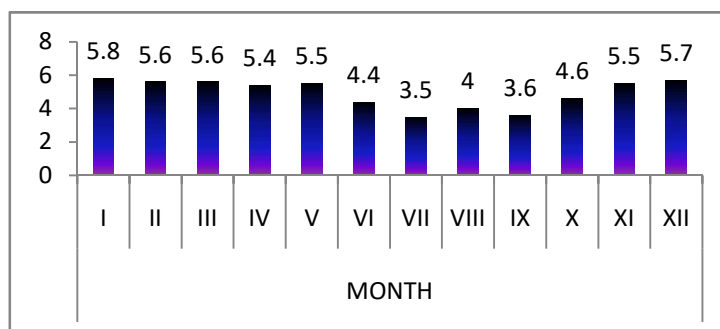


Figure5. Table 9. Clouds (in tenths) in Berovo (1971-2000)

Relative air humidity

The relative humidity of the air (in%) is the degree of saturation of the air with water vapor. In the city of Berovo in the period 1971-2000, an average humidity per year was 73.5%. July indicated the

TOURISM

lowest humidity (64.9%), and December revealed highest humidity with an average of 81.7% (tab. 10, fig.6). The annual regime of relative humidity in Berovo is beneficial to the primary activities and tourism, because in the summer period the air is constantly saturated with steam (above 62%) and during vegetation of plants the humidity is optimal and does not exceed 75% (tab. 10, fig. 6).

Table 10. Air humidity (%) in Berovo (1971-2000)

Period	MONTH											
1971-2000	I	II	III	IV	V	VI	VII	VIII	IX	X	XI	XII
Σ (average)	80,6	78,2	73,4	70,2	71,8	62,5	64,9	66,5	71,3	75,7	79,8	81,7

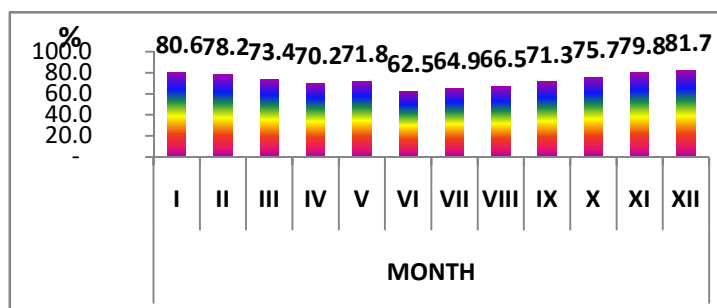


Figure6. Table 10. Air humidity (%) in Berovo (1971-2000)

Foggy days

The data in the table below show that Berovo, in the period (1971-2000), has only average seven days with mist. Foggy days in the summer are almost reduced to zero. The minimal appearance of this unfavorable biometeorological element in Berovo, along with clean and fresh air, emphasize the epithet of the municipal territory for one of the most favorable air baths in the region with the possibility of developing recreational tourism types. Most of the foggy days in the analyzed thirty year period were in 1995 (17) and 1996 (17), and at least in 1998 with only one foggy day. The foggiest month is

TOURISM

December (2.1 days), and the clearest months are June and July with 0.1 days (tab 11, figure 7).

Table 11. Foggydays in Berovo (1971-2000)

Period	MONTH											
1971-2000	I	II	III	IV	V	VI	VII	VIII	IX	X	XI	XII
Σ (average)	1,1	0,5	0,3	0,2	0,4	0,1	0,1	0,4	0,3	0,7	1,6	2,1

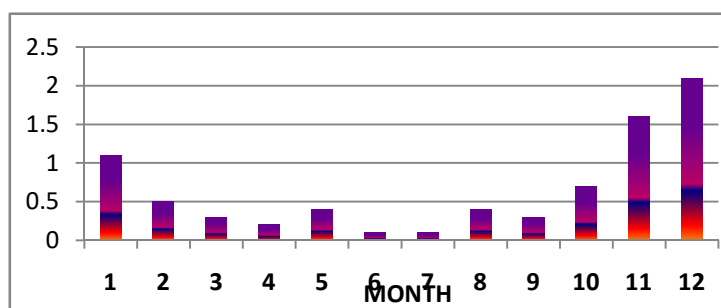


Figure 7. Foggydays in Berovo (1971-2000)

Winds

Based on the data from the above tables it can be concluded that in the period 1971-2000, the winds from the north direction with the average annual frequency of 132 ‰ were the most prevalent in Berovo. Then there are winds from the northwest direction with an average frequency of 81 ‰ and those from the south direction with a frequency of 62 ‰ (tab 12, figure 8, 9). The average annual frequency of silences is 533 ‰. The data on the number of days with strong wind refer to 15 years and is 0.5 days a year. Berovo's wind regime shows a neutral impact on the economy. The increased frequency of winds from the north direction highlights the continental nature of the climate through the passage of cold air masses.

TOURISM

Table 12. The frequency of winds (‰) in Berovo (1971-2000)

Direction	N	NE	E	SE	S	SW	W	NW
Σ (‰)	132	34	30	45	62	51	27	81

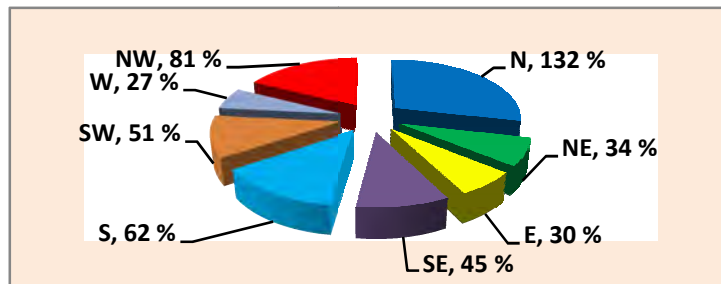


Figure 8. The frequency of winds (‰) in Berovo (1971-2000)

TOURISM

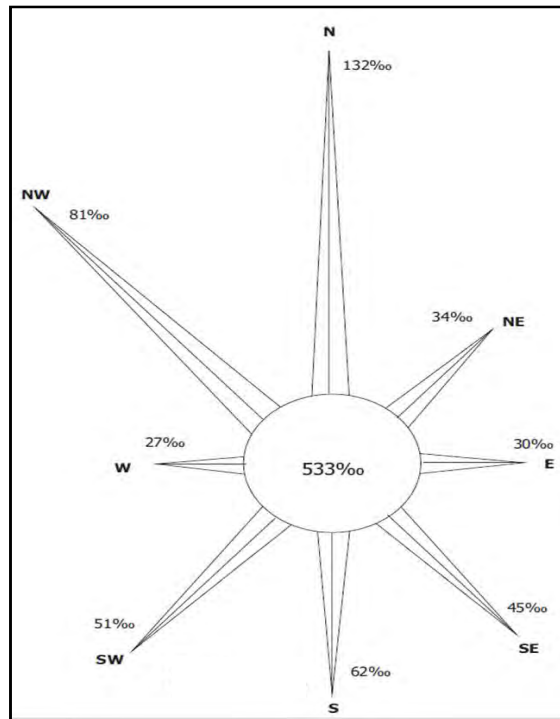


Figure 9. The main directions of winds (%) in Berovo (1971-2000)

CONCLUSION

Based on the analyzed data on the basic climate elements in the Municipality of Berovo in the period from 1971-2000, the following conclusions can be drawn:

The average annual temperature in Berovo is 8.4 °C. The thermal power coefficient indicates the thermal influence of the continental character in the municipality. The average annual rainfall is 566.1 mm. The relative annual fluctuation is below 8 % (5.7 %) indicating the continental pluviometric regime. The rain factor (according to Lang) is between 60 - 100 that shows a humid

TOURISM

character. The drought index (according to De Martonne) shows that Berovo has no arid months. The days with rain go up to 94.1, and snowy days to 34.1. The cloudiness stands on average 4.9 tenths. Average air humidity is 73.5 %. Foggy days are just t per year. The winds prevail from the north and northwest direction. According to the value of climatic elements for the Municipality of Berovo, it can be concluded that in the thirty year period, it was characterized by a continental type of climate that is characteristic of the northeastern and most eastern parts of the Republic of Macedonia. The identified climate type with characteristics in the Municipality of Berovo may cause different influence on the development of economic activities such as agriculture, water economy, forestry, traffic, tourism and others. Climatic characteristics in Berovo are stimulating for: livestock, forestry and mountain recreation tourism, through fresh summers with low minimum temperatures and sufficient rainfall and humidity, then in some agricultural branches, as for growing: forage plants, some garden plants (potatoes, beans), cereals (rye, oats) and fruit plants (plum, chestnut, forest fruits). Particularly emphasized is the stimulative influence of the climate on: sheep breeding, cattle breeding and beekeeping, allowing rich grass and flowering vegetation for grazing throughout the summer. Also, the development of industrial branches related to these primary activities is possible. The restrictive climate influence in Berovo is present in some agricultural branches, especially in most garden plants (tomatoes, peppers), industrial (tobacco, sunflower), cereals (wheat, corn, rice), then fruit growing (apple, pear, apricot) due to the reduced number of days with active temperatures, late spring frosts, increased cloudiness, humidity during the summer months of June and July, the penetration of cold air masses from the north direction and the expressed daily fluctuations in temperatures. The small number of days with snow and the short duration of the snow cover, also disrupts the development of winter sports.

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TOURISM

THEORETICAL RESEARCH ON TOURISM AND GLOCALISM – THE CASE OF REPUBLIC OF MACEDONIA

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Abstract

The main idea of glocalism is the merging of the power and significance of globalization and the local culture. In the wake of globalization and the tendency of creating a world culture, a significant fund of local cultural and traditional values is threatened to be lost. Tourism, as a world phenomenon, marks its growth on the basis of an increase in the scope of globalization, and as such, it has a share in spreading the values of the de facto shaped world culture and its elements and values. Under such conditions, a kind of conflict situation arises between the value of local elements and their global significance. One way of preserving local values in times of globalization is precisely glocalism - a way in which local cultural elements converge with world cultural values. In this paper, the theoretical basis for the possibility of dual function of the glocalism from the aspect of tourism in the Republic of Macedonia is set - first, the opportunity for presentation and promotion of local cultural values through their attachment to globalization; and secondly, the possibility of their preservation by adjusting the local value on the universal value. Tourism has the main function in such an approach, because, among other things, on the territory of the Republic of Macedonia, tourism is one of the main carriers of globalization and the world culture values. In addition, the main elements of Macedonian culture and tradition will be laid out, with a theoretical analysis of the possibilities for their adaptation and transformation into globalized elements.

Keywords: globalization, dual function, world culture, promotion, adaptation.

JEL classification: Q26; L83

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TOURISM

INSTEAD OF AN INTRODUCTION

"Think globally, act locally" is the key idea of glocalism. The opportunity to merge the local with the global is not [only] a danger, but it is a potential and a challenge, especially for small economies like the Republic of Macedonia. On the basis of several potentials, there are obvious opportunities for tourist convergence of values of the local culture with the global trends of tourism development. Basically, the Republic of Macedonia has only a few possibilities for full world tourist market participation, and one of them is the incorporation of global elements into its local structure.

1. GLOBALIZATION AND GLOCALIZATION: THE KEY CONCEPT

The meaning of the 'local' and the 'global', the relationships between the concepts involved and the ways in which those relationships are structured in space have been explored, in recent years, in an extensive body of literature relating to cultural, economic and social theory and practice, including the area of tourism. (Cawley, Gaffey and Gillmor 2002)

"Globalization" is currently a popular and controversial issue, though often remaining a loose and poorly-defined concept. Sometimes too comprehensively, the term is used to encompass increases in trade and liberalization policies as well as reductions in transportation costs and technology transfer. (Lee and Vivarelli 2006) As a global phenomenon, globalization has affected almost every sphere of social life especially in the post-war period. Definitions of this concept are numerous, so the complexity of this concept in both science and literature initiates different approaches. (Čerović, Vukadinović and Knežević 2015)

By definition, the term "glocal" refers to those individuals, groups, divisions, units, organizations, and communities which are willing and able to "think globally and act locally." (Yi Tien and Talley 2012) Glolocalization presents the twin relationships that may occur between globalization and localization, and it is a way for progressive advancement to occur thus enhancing the quality of life. (Yi Tien and Talley 2012)

TOURISM

In the field of culture, glocalisation can be seen when elements of global culture (such as movies, global brands, or consumption patterns) are reinterpreted by local cultures. It can also happen when elements of a local culture are combined with a global phenomenon. For instance, when in the lobby of an international standard hotel - the archetype of a homogenised room - element of local culture are introduced through, for instance, a local style of decoration or uniforms with a local influence. (Backhaus 2003)

Following the emergence of globalization, new tools are needed to manage processes, multi-ethnicity and culture, to support employees and businesses to satisfy all stakeholders. In planning and managing tourist destinations and companies it must take into account a number of changes within the society and the world economy. (Gabriel Hociung and Gabriel Francu 2012)

2. LOCAL IDEA IN GLOBAL WORLD IN THE REPUBLIC OF MACEDONIA

In the context of the Republic of Macedonia, globalization has several meanings: - it is a main factor for the transition on a social, economic and political plan. The slow transformation of the state from its socialist past is accompanied by major social and economic problems, which have a direct impact on the idea, form and development of tourism. Globalization also has a geopolitical connotation - the Republic of Macedonia, from the very beginning, has established firm orientation towards NATO and European Union. Thirdly, globalization is seen as an opportunity to join global trends in many areas. Among them, of course, is the tourism. The main perception in the Republic of Macedonia is that the state has the resources and opportunities for joining the big tourist market competition. In the Republic of Macedonia, globalization, at least in terms of tourism, is seen as a positive and functional phenomenon.

Glocalism as a notion that combines ideas of creative thinking in conditions of common action and globalization, although it is quite a new academic terminological amalgam, is still generally ignored among the intellectual community in the Republic of Macedonia. Naturally, numbers of principles of glocalism were exploited even before the term glocalism was coined, but the

TOURISM

implementation of ideas of glocalism as a concept can open up broad range of new creative and elaborate plans.

If globalization is regarded as a world process that generates the world culture, one can imagine that in such a world culture, each individual culture will have its own larger or smaller share. In that sense, globalist skepticism represents globalization as a destroyer of smaller, local cultures. On the other hand, the positive aspects of globalization believe that any culture that has a valuable element will contribute to the construction of great cultural values. The glocalism, in the time of the evolution of local and regional cultures into world culture, brings together the world social, economic and political power in highlighting local values.

The Republic of Macedonia is among the countries with a certain geographical handicap. In addition, incomplete integration in the main geopolitical and geoeconomic instances further aggravates the possibility of unhindered flow of people, funds and ideas from and in the Republic of Macedonia. As a small cultural unit, it is necessary for the country to join the global stage, in order to preserve its local values. Tourism, in the case of Republic of Macedonia, in every aspect, is a major link between global and local.

3. MERGING GLOBAL VALUES IN LOCAL SURROUNDINGS: WHAT CAN BE DONE?

If tourism assumes optimum utilization of local potentials through global measures and instruments, then the Republic of Macedonia has a special chance for a functional blend of local and global commitment. This is particularly important in terms of tourism, which is considered to be the only option of the state for global exploitation. Basically, it is considered that the local elements of the Republic of Macedonia, on the basis of good marketing and management, can be part of a global tourist offer. Theoretically, there may be several levels where glocalism can prove to be effective when creating a touristic glocal product:

- Agricultural tourism: Rural tourism, village tourism or agritourism;
- Cultural tourism;

TOURISM

- Cheap tourism.

Agricultural tourism is generally perceived as the basis of localism, although the rural element is a constituent element of most of the countries in the world. However, the Republic of Macedonia perceives the rural space as the main tourist potential. The basis of the rural area in the Republic of Macedonia is the demoted version of the once active rural environment. There is a great attractiveness in the rural backwardness, since much of today's villages are physiognomically the same or similar as they were centuries ago.

Cultural tourism is justified glocal potential. Unlike other tourist types, culture is authentic for time and space and there is no suitable duplicate in any place in the world. The Republic of Macedonia is part of a wide cultural area (southeast Europe - southwest Asia), which is considered as the basis of civilizations in the world. With this, the area of today's Republic of Macedonia has contributed to a rich cultural and historical heritage that can be easily incorporated into the world cultural scene.

Cheap tourism represents a situation where tourists come to a destination for non-tourist purposes, because of the lower cost-effectiveness than in the country where they live. Many academics already elaborate on tourism types such as dental tourism, but if we talk about cheap tourism as a specific term, that means that we are talking about wide range of tourist actions that the incoming tourists can take while doing what they are primarily here. Cheap tourism can be a major principle of glocalist management of the existing socio-economic conditions and available human resources.

4. LOCAL MAKE UP ON A GLOBAL BRAND

There is one major glocal variant that can have a specific impact in tourism development. It is about the implementation of local culture on a global, branded element. There are such examples around the world, where foreign investors in hotel and hospitality modify their structure in order of local culture conditions: the Arabic inscription of Coca Cola; Starbucks located in a building with traditional architecture in China, McDonald's served with a local beverage, etc. In fact, a global brand, if it has a strong

TOURISM

identity, can easily adapt to local culture without a particular problem, and maintain its identity without jeopardizing the local or its own identity and brand. The Republic of Macedonia, as a country with prominent folklore, local ambience, traditions, architecture and customs, has wide potential for hosting a global brand with own local identity.

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TOURISM

MANAGEMENT MODEL FOR TOURIST DESTINATION PROMOTION CASE STUDY: POPOVA SAPKA

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Ilija Zakoski

Abstract

Tourism is an economic branch that may have a serious impact on the economic development of developing countries such as the Republic of Macedonia. The growth of tourism is based on adequate tourist destinations, which need to be managed in a highly professional manner, which, to a large extent, can help the way visitors experience the tourist destination.

In particular, this Paper makes an attempt to explore the tourist destination Popova Sapka from the perspective of tourism potentials as seen by visitors. In this regard, the focus of the research is the communicological aspect i.e. how the visitors evaluate the current promotion of this tourist destination and what is their opinion from the aspect of the potentials and further perspectives for tourist destination development. Subsequently, the paper offers a management model that includes the ways of communication and promotion of the tourist destination Popova Shapka.

It determines the methodology: methods of analysis, synthesis, observation and comparison, as well as the statistical method. Descriptive, interpretive, prognostic and output solutions are used as basic approaches. The research instrument used is a survey questionnaire.

The outcomes point to the fact that, in terms of the current promotion, what has been done so far can be significantly improve and upgrade with more serious promotion aimed at positioning Popova Shapka on the tourist market as an attractive tourist destination, by implementing the offered management model.

So, the paper strongly recommends this evidence as a good example for boosting tourist destination through managing its promotion. Furthermore, it urges the need for identifying effective framework for mitigating the up-to-date modest results and creating sound public policies. Additionally, the contribution of this paper lies in the fact that it enriches the poorly-developed empirical academic work within this scientific area in Macedonia.

Keywords: communication, management, promotion, tourism.

JEL classification: Q26; L83

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TOURISM

INTRODUCTION

The World Tourism Organization (WTO, 1995, p.7) defines the tourist destination as a “distinguished place which is being visited within the travelling duration.” In its core, it is a travelling destination which attracts a lot of travelers or tourists. A tourist destination can be a particular resort or town, a region within a country, the whole of a country, or even a larger area of the globe (Holloway, 2006). The interests for these destinations typically include a visit to historical places, natural wonders, or constructions. Some tourist attractions offer various activities or unusual experiences. The success of many tourist destinations around the world largely depends on the images held by the potential tourists and their effective management (Sönmez&Sirakaya 2002). Furthermore, one of the key elements of successful destination marketing is the tourist satisfaction which influences the choice of destination and the decision to return (Yoon & Uysal 2005). Therefore, the desires and needs of the tourists, as well as the information placed on the tourism market for a certain tourist destination, need to be taken care of. In order to maintain the vitality and the success of the tourist destination on the long run, in addition to tourist’s desires and needs, the requests made by the society also need to be satisfied. This can be accomplished through the appropriate management of the tourist destination.

The tourism industry is highly competitive due to the globalization of the markets and the rapid changes demanded by the consumers (San Martín 2005). The specific features of the tourism market impose application of a specific model for public relations in the tourism, that is, a well-developed strategy of public relations based on a high-quality tourist offer. The same should involve inclusion of all of the activities directed toward attracting tourists in a certain area, using marketing concepts and incentives so that the consumers buy certain products and services in the duration of their travel and the visit of the country. There is an implicit assumption that the marketing strategy is the most important one, but explicitly it has to be recognized that the marketing can only be assessed and

TOURISM

determined within the context of a declared tourism strategy (Pike, 2008).

Within the destination management, due to the competitive market and the vulnerability of the tourism to the external forces, the ideal structure of the planning needs to be flexible and dynamic. That should be closely connected with planning the information deriving from other three functions: organizing, coordinating (guiding) and controlling. In this way, it can be expected that the tourist destination will adjust to the market changes and the social conditions. The organizing phase implies determining the manner and the resources for executing the planned activities, and for achieving more productive and effective results. When organizing and executing the plan, securing support, and including the three main stakeholders, the government, the tourist sectors, and the local population, is of great importance. Coordinating (guiding) designates a system of legitimate influences to the behaviour of the individuals and the groups of interest towards the previously set goals. Basically, the guidance needs to lay its foundations upon the motivation through stimulating the human resources towards achieving the expected results. Controlling includes the assessment how the tourist destinations establishes the standards, assesses the real expectations, and take corrective action when necessary. Primarily, this approach is applicable to any tourist destination.

Among many of the forms of tourism, the mountain one stands out because it is more advantageous compared to the others, since it can be considered as a mass tourism and as an alternative tourism (Maroudas *et al.* 2004). This paper is focused on Popova Shapka, with lots to offer and by appropriate management of its resources to become attractive mountain tourist destination. Popova Shapka is faced with the need to redesign its strategic development directions, thus repositioning its place and role in the highly-competitive tourism market.

Popova Shapka is one of the oldest and biggest ski-centres in Macedonia, located on the slopes of the Shar Mountain – one of the highest in the country. Low number of foggy, and a high number of days with fine weather, is one of the reasons for the high number of tourist visits throughout the whole year. The Shar Mountain is considered to be the richest in terms of glacier lakes on the

TOURISM

Balkans, right after the Rila Mountain in the neighboring Bulgaria. Part of the Shar Mountain in the Republic of Macedonia, there are 19 glacier lakes, among which is Bogovinsko Lake (MASA, 2009). The Shar Mountain flora accounts for as much as 2,000 species of vascular plants, which is more than a half of the total flora in the country. About 200 of these species are considered endemic and sub-endemic.¹ Thus far, there is a number of about 700 species of silicate algae – diatoms. These species indicate clean waters with a low pollution levels. The Shar Mountain fauna is especially fascinating. Yet, there is insufficient data on the species composition and distribution of the mammals, birds, amphibians, reptiles and fish, while even lesser is known of the invertebrates.

From the tourist point of view, the Popova Shapka destination is considered attractive even more because of the natural landscape, which has not been sufficiently valued.

The first attempt toward Popova Shapka becoming an attractive tourist destination started with the construction of the ski-jumping board, and the cableway Tetovo – Popova Shapka. The ski-jumping board is built back in the 1947, being the first of its kind in the Republic of Macedonia. The cableway Tetovo – Popova Shapka was the pride and attraction for the locals in Tetovo, for the citizens in Macedonia and the then-Yugoslavia. In the length of 7 km, it was the longest on the Balkans, and one of the longest in Europe. They are a tourist attraction sparking interest in the visitors.

Taking into consideration the anthropological values, especially important for Popova Shapka are the traditional manifestations and other events, such as the: Sharplaninski Ski Cup – the oldest ski manifestation on the Balkans; Climbing to the Titov Vrv, organized for the first time in 1953 in honor of the Youth Day, as observed back in the day in Yugoslavia on May 25th.

¹Meloski, Lj. 2008. *Valorization of the natural values of Shar Planina and assessment of their market value. Completion of the Ministry of Environment and Physical Planning of the Republic of Macedonia*. Project no. 08-311 from 14.04.2008.

TOURISM

The existing infrastructure of the Popova Shapka site includes: accessing roads, ski-lifts, ski-paths, prep-equipment for the ski-paths, infrastructural buildings, parking areas and accommodation.

Fully operational are 7 (seven) ski-lifts, 13 (thirteen) ski-paths in a total length of 12.6 km or a total area of 39.5 hectares, supporting as many as 1,900 (one thousand nine hundred) skiers in an hour.¹ The road Tetovo – Popova Shapka, in the length of 18 km enables fast access to the destination. In addition to the many private villas and houses, lodges and small hotel rooms available to rent, there is a total of 11 hotels on Popova Shapka. There is a number of locations which provide food and beverage services, such as the restaurants within the hotels, independently held restaurants, bars and other types of facilities serving food.

Skiing and snowboarding; cross-country skiing; snowshoeing; and sledging are offered as part of the winter activities. Mount-biking; climbing; trekking; geo-tourism; flying kites and parachuting; possibilities for a hunting tourism; and highly-possible conditions for a development of a fishing tourism.

Aim of the paper is to present the visitors perception regarding Popova Shapka as a tourist destination. More precisely, the focus is placed on communicational aspect i.e how the visitors assess and value the promotion of Popova Shapka. This paper contributes toward identification of effective managing framework for clear, promotional politics in the tourism sector. At the same time, it enriches the poorly developed empirical academic work done in this scientific area in Macedonia.

In its structure, the paper is consisted of five parts. It begins with a Methodology, which provides an explanation of the used research instrument: a survey questionnaire. In the second part: Research, the general and the specific hypotheses are defined. The paper continues with the most voluminous, third part: Analysis, results and discussion, where responses of the questionnaire are presented and analyzed, laying the ground for hypotheses testing. This part includes the Model for managing the Popova Sapka

¹VEKON DOOEL.2012. *Ski Center Popova Sapka Macedonia, Southeast Europe*:23,54.

TOURISM

promotion. In the fourth part, Conclusion and recommendations, based on the research done, are presented. The last part identifies the Limitations of the paper and future work.

1. METHODOLOGY

In general, the paper applies a qualitative research approach. A survey questionnaire was conducted in order to gain insights in the visitor structure, their level of being informed about Popova Sapka, their perception on tourist resources, and their opinion regarding the potential for future development. The collected data were processed with the Microsoft Excel spreadsheet application, where ranking was done, thereby calculating the percentages of the processed data.

The research was conducted on a group of 110 respondents – visitors of the Popova Shapka site above the age of 18, randomly selected in the period between February and March 2018. A survey of 12 questions was used as an instrument, which was filled-in by the researched group anonymously. The first part of the questions (1-5) is related to the structure of the researched group: sex, age, level of education, employment and marital status. The questions number 6-9 are in regard to the manner of which the tourist destination Popova Shapka is being promoted, or how do the tourist obtain the relevant information, and what is their assessment for this aspect. The remaining questions (10-12) encourage the visitors to explain their stances towards potentials and prospects for development of Popova Shapka as a tourist destination.

2. RESEARCH

The Research includes one general and two specific hypotheses tested through the questionnaire.

The H_0 reads: “If the tourist destination Popova Shapka is in a dispose of tourism resources for development of various forms of tourism, then the analysis of the existing and the potential tourism resources will additionally enrich the tourist offer, leading to its development.”

TOURISM

The H_1 reads: "If the tourist offer of Popova Shapka is promoted based on the number of natural advantages, then it will remain an attractive tourist destination."

The H_2 reads: "If Popova Sapka is positioned on the tourism market through intensive promotion based on its existing advantages, then the destination can obtain a significant competitive advantage."

3. ANALYSIS, RESULTS AND DISCUSSION

In the part A, some results derived from the responses to the questions are presented in a table, while others are only analyzed and discussed. Based on the responses, in the B-part testing of previously defined hypotheses is done. Part C describes the proposed Model for management of Popova Shapka promotion.

A. Analysis of the responses and discussion

The research results present the details regarding the demographic features in the Table 1. The questions 1-5 are general and should define the structure of the researched group, that is, the persons visiting Popova Shapka: their sex, age, marital status, level of education and employment.

Table 1, 2 and 3. Demographic features

Question	Sex		Age					
	M	F	18-25	26-35	36-45	46-55	56-65	above 65
Number (out of 110 respondents)	60	50	44	26	37	22	18	33
Percentage (%)	54.5	45.5	39.1	23.6	33.7	20.0	16.4	29.7

Question	Marital status			Employment	
	Married	Divorced	Single	Employed	Not employed
Number (out of 110 respondents)	43	9	58	82	28
Percentage (%)	39.1	8.2	52.7	74.5	25.5

TOURISM

Question	Education			
	High school	Vocational	Bachelor	Masters
Number (out of 110 respondents)	34	7	59	10
Percentage (%)	30.9.	6.4.	61.8.	0.9.

When the sex of the visitors is taken into consideration, men outnumber women (54.5% men as opposed to 45.5% women).

More than one third of the respondents are aged between 26 and 35 years (approx. 34.0%), followed by the respondents aged between 19 and 25 years (a little below than one fourth of the respondents). This is later followed by those aged between 36 and 45 years (one fifth of the respondents). Aged between 46 and 55 are 16.4% from the respondents. The lowest number of visitors is those aged above 56 (2.7%), and the respondents aged 18 (3.6%). From the responses is evident that the men are mostly aged between 19 and 25 (almost 70%), while the women are mostly aged between 26 and 35 (54.1%). The percentage of the men in the researched group decreases from 18 to 45 years, to only slightly increase later; while, the one of the women increases from 18 to 45 years of age, only to decrease slightly lower – still twice as high as the one from the men.

More than half of the respondents are single (almost 53.0%), married are 39.1%, and divorced a little over 8% of the respondents. The marital status is not crucial when making the decision for a stay in the mountains, but it is a fact that the singles are more independent when it comes to the same issue.

Almost three fourths of the respondents (75.5%) are employed, and a little more than a fourth (25.5%) are not employed. The employment status is relevant for the stay in the mountains.

Regarding the level of education of the researched group, the ones holding higher (bachelor-level) education are dominant (almost 62%), followed by the ones with a completed high-school education (30.9%), then vocational education (6.4%), and those holding a masters degree (almost a tenth). The level of education is

TOURISM

relevant and influences the decision to spend time in a healthy and un-polluted environment, as Popova Shapka is. More than two thirds of the respondents hold a higher degree education (vocational, higher or masters), which leads towards the conclusion that the level of education is an important aspect when making the choice for a healthy lifestyle.

Having said the above, the researched group is almost equally consisted of men and women in a different age range, most of them employed, holding a higher level of education, but also mountain-lovers.

The next part of the questions (6-9) are in regard to the manner to which the respondents believe the tourist destination Popova Shapka is being promoted, or, how the tourists obtain information on it, and what is their assessment on the matter.

The sixth question, whether the tourist destination Popova Shapka is clearly marked on the tourist map of the Republic of Macedonia with an access, offer and natural resources, 60% of the respondents answered positively, while 40% negatively. This could be an indicator that the promotion of this site is insufficient, and there is space to be done more in order to increase the level of knowledge of the domestic and the foreign tourists.

That the information on the tourist destination Popova Shapka is insufficient not only in the Republic of Macedonia, but even further, indicate the responses of the Question No.7. Namely, 86% from the respondents obtained knowledge or information about Popova Shapka as referred from their friends; through Internet 13,6%, and through the travel agencies only 5.4%. this indicates that not even a fifth of the respondents have received any information about Popova Shapka as a destination pointed by the travel agencies and the Internet, which then, implies on the insufficient work done in its promotion.

The Question No.8, which asks whether the information or knowledge obtained are in line with what was experienced by the visitors of Popova Shapka, most of the respondents (almost a half) responded positively, while a little above 7% haven't experienced what was expected based on the obtained information when choosing a tourist and vacation destination. There is a high

TOURISM

percentage of the respondents (44.5%) who are highly satisfied with the received information when choosing Popova Shapka.

Even though more than a half of the respondents on this survey questionnaire are partially or not satisfied from the seen and experienced on Popova Shapka, that is, the same is not compatible with the information obtained when choosing this tourist destination for a vacation, a large percentage (96.4%) of them would recommend Popova Shapka to someone else, as the ninth question reads. Having in mind the responses on the previous question, there is no logical explanation to this response.

The next part of the questions (10-12) contains the standpoints of the visitors in regard to the potential and the development perspectives of Popova Shapka as a tourist destination.

Namely, the tenth question asks, whether is needed a more intensive development of Popova Shapka, to which the highest number of the respondents (99.1%) believe that Popova Shapka needs a more intensive development which would create the needed requirements for a high-quality stay, and would increase the accommodation satisfaction of the visitors. This response is in line with what the respondents answered in the previous questions.

The eleventh question reads: What is a priority for a more intensive development of Popova Shapka? To which the respondents can choose among three options. 60.9% of them believe that a priority for a more intensive development of Popova Shapka is investment in the infrastructure, hotels, cableways, ski-lifts, etc. Almost a third (30.9%) believe that a priority should be the investment in sports and recreational activities, while 8.2% of the respondents believe that a priority is the investment in the culture and entertainment. Certainly, an investment in all of these segments is necessary, as they are closely related one to another.

“Should Popova Shapka be part of a national park?” – reads the last, twelfth question. The expectations are that, as a part of a national park, Popova Shapka would have better opportunities for an intense development in more segments. Resolving this problem has dragged on for decades, without a closure. Most of the respondents (94,6%) believe that Popova Shapka should be part of the National Park of Shar Mountain.

TOURISM

B. Testing hypotheses

Confirmation of the specific hypothesis 1. In order to verify the specific hypothesis 1, which treats the tourist offer of Popova Shapka based on the number of natural predispositions that if improved, Popova Shapka will become an attractive tourist destination in Macedonia and abroad, analyzed the obtained results on the questions 10, 11 and 12. The questions 10 and 11 are in regard to the potential and the perspectives of Popova Shapka, and as such are assessed by the visitors, as well as the need for investment in the existing infrastructure. The research shows that most of the visitors believe that a priority for a more intensive development of Popova Shapka lies in the investments in the infrastructure, restaurants, hotels, cableways, ski-lifts, etc. Part of the respondents, even though smaller, believes that a priority is the investment in a rich culture and entertainment. Taking into consideration that all of the priorities are closely related one to another, an investment in each and one of them is considered necessary.

This confirms that should an investment in the infrastructure of Popova Shapka is made, then the tourist turnover would increase – which also implies of an increase in the tourist visits. This confirms the specific hypothesis 1. Supporting the specific hypothesis 1 are the standpoints of most of the respondents: make Popova Shapka part of the National Park of Shar Mountain – which would directly increase the possibilities for its development as a tourist destination.

Confirmation of the specific hypothesis 2. With an aim to verify the specific hypothesis 2 for the role of the promotion, the responses of the questions 6, 7, 8 and 9 were analyzed. If the promotion is intensified and is based on the existing advantages, then the destination may impose a significant competitive advantage on the market. The research has shown that the knowledge on the tourist destination Popova Shapka is insufficient. Most of the respondents got the same from friends. The Internet share is low, and the one from the travel agencies is even lower than that. All of this indicates to an insufficient promotion of Popova Shapka. At the same time, the research shows that the

TOURISM

information upon which the respondents chose Popova Shapka as a tourist destination is largely in line with what they saw and experienced during their vacation. Those thinking differently are represented in a lower percentage. The percentage of respondents who are partially satisfied with what they saw and experienced is high. This emphasizes the necessity of creating a strategy for promotion based on the truth and facts about the tourist destination.

This confirms that, if the promotion is based on presenting the truth and facts about the destination, then the tourism potential of the destination can be better utilized and managed, which, at the same time, confirms the specific hypothesis 2.

Confirmation of the general hypothesis. By confirming the two specific hypotheses to which the general hypothesis was analyzed: If the tourist destination Popova Shapka has exceptionally rich tourism resources for development of various forms of tourism, then the analysis of the existing and the potential tourism resources will additionally enrich the tourist offer, leading towards its rapid and prosperous development – then, the same is automatically confirmed.

C. Management model for Popova Sapka promotion

The ethymological meaning of the term ‘model’ has Latin roots in it, with the meaning of form/measurement, which means a material and reflective reproduction of an original which can be an object, process, appearance or an opinion. The basic characteristic of the modeling method consists in the close unity between theory and scientific practice.¹

The management model for promotion and public relation of Popova Shapka is guided by the data analysis from the research carried in this paper, the existing practice and knowledge about promotion and public relations in tourism, the theoretical settings for promotion, as well as the possibilities for application and

¹Šešić, Bogdan. 1982. *Osnovi metodologije društvenih nauka*, Naučna knjiga, Beograd.

TOURISM

efficiency of the forms of promotion and public relations in the tourism of Popova Shapka.

The management model for public relations and promotion of the tourist destination Popova Shapka is determined upon the following premise: Identification and valorization of the tourist product of Popova Shapka; Appropriate institutional set up and organization of the tourism of Popova Shapka as a tourist destination; Two-way symmetrical model of public relations and promotion, applicable to the Popova Shapka tourism; Identification of the strategic elements of the management model for the public relations and promotion; Strategic management of the promotion and the public relation; Implementation of the strategic and post-strategic documents as a consisting part of the PR and promotion modelling of the tourism of Popova Shapka; The changes in the tourism as a determinant for the changes in the public relations and promotion.

a) Identification and valorization of the tourist product of Popova Shapka with the goal of producing high-quality tourist products, attractive – motivational factors and offer, as the basis for building the image of the attractive tourist destination – key in the positioning of the destination on the Macedonian and the global tourism market. Popova Shapka as a tourist destination is in a need to apply a contemporary concept of promotion and public relations based on improvement and innovation of the attractive – motivational factors of the destination, identification and valorization of the existing and potential tourist products; Building the image (based on the identity); Defining the priorities for development of certain tourist products; Projecting the tourism-growth of Popova Shapka in conditions of rapid development and a changing environment; Vision for the future development of the tourist destination, product and tourism organisations; and, adjusting of the tourism economy to the new market values.

b) The tourism development of Popova Shapka as an attractive tourist destination is directly conditioned from the appropriate institutional setting, which is the basis for the further development of the Macedonian tourism economy. The management specificity in the development of the Macedonian tourism on a macro-level, imposes the need for a unique

TOURISM

organization on that level. In doing so, a cooperation of the horizontally connected entities is necessary: government sector - non-governmental sector - private sector - public private partnership; and vertically: national level - regional level - local self-government. The key issue regarding the tourism is conditioned by the need for the utilization of the independent authorities as holders of the tourism policy from the one side, and from the organizational shape which would align the different interests of the subjects, on the other.

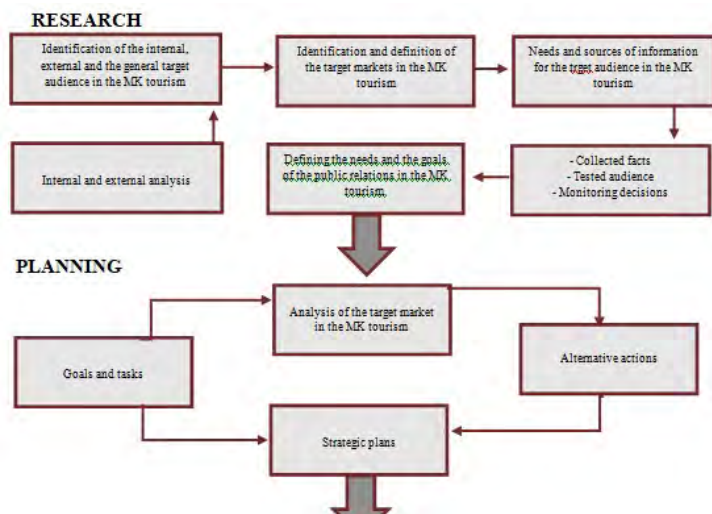
c) Creation of a two-way symmetrical model of promotion and public relations, applicable to the Popova Shapka tourism, through specific forms and instruments in order to attract attention, build social reputation and credibility, increasing the placements and reducing the costs for promotion. Given that public relations functions are acting as daily operational planning from one side, and long-term strategical planning, on the other – creating a strategy for promotion and public relations of the tourism on Popova Shapka is needed as part of the National strategy for tourism development. In particular, Popova Shapka tourism can practice the following forms of promotion and public relations: media relations, marketing publicity, creating and maintaining the identity of the organization, lobbying, overcoming crisis, internal communication, consumer relations, consultancy.

d) In the core basics of the successful strategic communication management in the Macedonian tourism lays the thorough planning and the alignment of the communication goals and activities with the ones of the Popova Shapka tourism and the Macedonian tourism overall. Therefore, identifying the strategic elements of the managing model for the public relations and promotion of Popova Shapka as a tourist destination is necessary, determined through the strategic development lines of the Popova Shapka tourism through development of a special public relation strategy (applying a complete project cycle) as part of the National strategy for development of the tourism of Popova Shapka and in the Republic of Macedonia. The model, which would result from the public relations modelling of the Popova Shapka tourism will be more effective if based on the four-stages process of strategical management. Moreover, from the strategic

TOURISM

framework of the Popova Shapka tourism, it is most positive that the same is implemented in the national plan for tourism development of Macedonia, which implies a long-term master plan, medium-term programs for tourism development, as well as plans for individual regions considered tourist destinations.

e) The management model of promotion and public relations for the Popova Shapka tourist destination implies strategic managing, which incorporated the following stages: (1) defining of the problem through research; (2) planning and creating the plan and program; (3) taking over the action and communication; and (4) assessment of the program.¹



¹Tomić, Zoran. 2008. *Public Relations, theory and practice*: 129, Synopsis, Zagreb - Sarajevo.

TOURISM

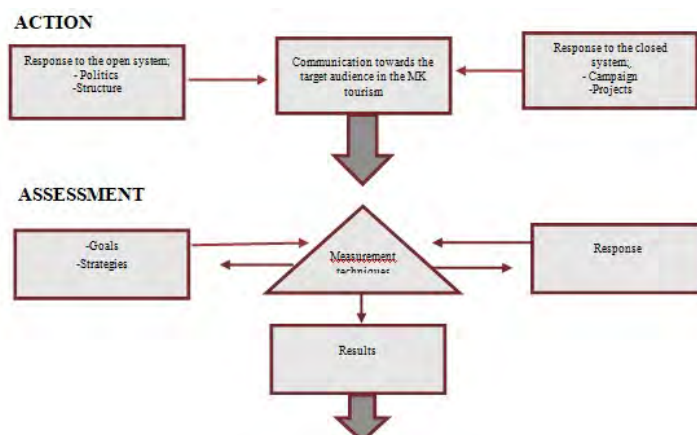


Figure 1. Adjusted to the Macedonian tourism from Tomić, Z.2008. Public Relations – theory and practice, Synopsis, Zagreb – Sarajevo.

f) As part of the public relations modelling of the Popova Shapka tourism as a tourist destination, implementation of the strategic and sub-strategic documents for Popova Shapka is necessary, while talking about the ‘big picture’ of the Macedonian tourism and incorporation of the essential (financial, material, organizational, professional, personnel) issues for promotion and public relations of the tourist destination in them, as the core basis for the tourism development of the Republic of Macedonia. Moreover, it is necessary to cooperate and connect the tourism economy with the expert and scientific public.

g) The changes in the tourism are the key determinant for changes in the promotion and the public relations as a result, above all, to the development of the products and services, road and accessing infrastructure, human resources, environmental protection, investments, organization of the tourism economy and the tourism awareness. The competitive market, the environmental changes, the adjustment of the new system of market value and the change in the tourist's affinities are seriously affecting and conditioning the change in the usual, traditional offer. The essence is to extend the lifecycle of the tourist destination, the products and services, that is - their existence and functioning. Moreover, the changes in the Macedonian

TOURISM

tourism (which are very necessary), will affect the changes in the public relations. The foreseen changes in the tourism development of Popova Shapka will affect changes in the communication strategies for promotion and presentation of the overall tourism economy in one hand, and the individual types of tourism in Macedonia, in the other.

4. LIMITATIONS AND FUTURE WORK

The paper faces certain limitations, in regards to the fact that the sample of respondents is small, and is used one research tool only – a survey questionnaire. In this context, there could be conducted an extension on the sample – not only by the number of respondents, but also by categories of visitors, i.e. target groups (skiers, mountaineers, nature-lovers). From the research point of view, there could be a combination of more instruments and techniques.

The paper's limitation also lies in the research, which only applies to the tourist demand. In the future, the same can be expanded with a tourist offer (through focus-groups of managers on restaurants, hotels, travel agencies, managing personnel of institutions responsible for the tourism development).

CONCLUSIONS AND RECOMMENDATIONS

Clear and precise information for the need of investments on Popova Shapka is collected through the conducted analysis, with an aim to attract more tourists. Furthermore, the analysis enabled precise information for the level of the current, and the need for a future promotion based on the existing advantages of Popova Shapka, with the aim to rightly position Popova Shapka on the tourism market as a tourist destination with exceptionally attractive and motivational factors.

In more details, the paper presented the worrying condition of Popova Shapka, as a result of the insufficient attention paid on the infrastructure, the additional attractions, investments, conditions for arrival for the visitors, and the lack of offers (excursions, travels, etc.). The tourists' bitter issue is the infrastructure, the low level of quality of the tourist offer and the service they receive.

TOURISM

This research is one of the few studying the significance of the analysis of the existing and the potential tourist resources of Popova Shapka, which has exceptionally rich resources for development of various forms of tourism, with the aim of additionally enriching the tourist offer in its development.

The research showed that the tourist industry in Macedonia does not have enough knowledge on the significance and the role of the strategic and implemented analysis of the tourist facilities and potentials of the tourist destination Popova Shapka.

Hence, the recommendations are directed towards an integrated approach in the process of creating and improving the tourist offer of Popova Shapka, based on a number of natural advantages. It is necessary to do research on hotels, services and their program; the quality of the service of the ski-center, the tourist offer and the infrastructure of Popova Shapka – all of this in order to obtain the real picture of the situation, on which grounds could be offered strategic solutions and recommendations.

Only through the right positioning on the tourism market can be enabled the increase of the tourist turnover, which also means an increase in the tourist 'inflow' based on the arrivals to Popova Shapka – an attractive tourist destination.

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TOURISM

CLIMATE ANALYSIS AND THEIR ECONOMIC SIGNIFICANCE IN THE MUNICIPALITY OF KRIVA PALANKA IN THE REPUBLIC OF MACEDONIA

Kole Pavlov¹

Abstract

The municipality of Kriva Palanka is located in the Slavište Basin, located in the northeasternmost parts of the Republic of Macedonia. The climatic factors that act in Kriva Palanka impose the occurrence of a climatic type that is unusual for other settlements in the Republic of Macedonia. By analyzing several basic meteorological elements in the period 1971-2000, referring to the meteorological station in Kriva Palanka, a continental climate type was identified, which is reflected both on the thermal and the pluviometric regime, with sufficient moisture in the summer period, exposure to northeastern air impacts, with relatively low minimum temperatures and pronounced daily fluctuations in temperatures. Climate characteristics in the Municipality of Kriva Palanka express its positive and negative impact in several activities from the primary, secondary and tertiary sectors such as: agriculture, industry, tourism, etc.

Keywords: Climatic factors, meteorological elements, temperature, rainfalls, etc.

JEL classification: G1

INTRODUCTION

The climate is multi-year regime and depends on the climatic factors and the absolute value of the basic climatic elements observed in a given period. As an important natural and geographical feature, the climate is an important factor in the development of several economic branches, especially in: agriculture, water economy, electricity and others (Lazarevski, 1993). The climate is also one of the main factors for the development of tourism and tourism movements (Gjorgievski, Nakovski, 2014). The topic of research in this labor was the climate in the municipality of Kriva Palanka. The aim of the research was the assessment of the climate phenomena and its impact on the development of the economic activities in the municipality. The

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TOURISM

main goals previously required the analysis of the basic characteristics of the climate to define the climate type that reflects the municipality of Kriva Palanka in the recommended thirty-year period of observing (Dukić, 1977). This was possible by analyzing in detail the values of eight climate elements over the period (1971-2000): air temperature, rainfall and snow, winds, cloudiness, humidity, air pressure and fog. The results of the analysis have given significant estimates of the possibilities and directions in which the development of some economic activities in the municipality of Kriva Palanka should be directed in perspective.

1. STUDY AREA

The municipality of Kriva Palanka is located in the Slavishte Basin, located in the northeastern parts of the Republic of Macedonia (fig. 1). Municipal boundaries cover the upper catchment area of river Kriva Reka between: Osogovo Mountains to the south and east and Bilino to the north. Only in the west the basin is open through the valley of Kriva Reka (Stojmilov, 2011). The area of the Municipality of Kriva Palanka is 481 km². The altitude of the municipal territory lies in the 400-2250 m range, thus the city center itself is 620 meters. It inhabits 20,820 inhabitants in 34 settlements out of which 14,558 inhabitants in the city settlement Kriva Palanka (Census, 2002). The population density is 43.3 inhabitants per km². Special natural features for the municipality of Kriva Palanka are forests and pastures that cover 70 % of the territory.

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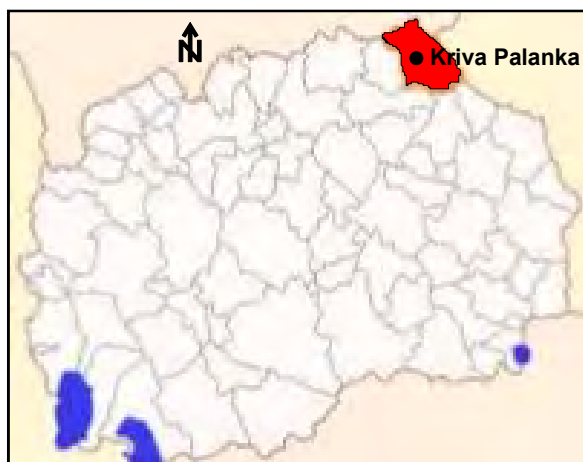


Figure 1. The Municipality of Kriva Palanka in the Republic of Macedonia

2. METHODS AND DESIGN

The determination of the climate type in the Municipality of Kriva Palanka with all the specifics and their influence on the development of certain economic activities required the application of several methods and procedures. The research activity was based on statistical data on the meteorological station in the city of Kriva Palanka in the period 1971-2000, which were collected and archived in the Hydro-meteorological Institute of the Republic of Macedonia. In the first step, a standard meteorological processing of the data for defining the thirty year climate regime and the climate type determination in its entirety was done using the Microsoft Office Excel 2007 package. In addition to the standard statistical analysis, some of the meteorological elements required special procedures for calculating certain indicators or coefficients. Thus, it was used: the drought index, according to De Martonne, Lang's rain scale factor, Kerner's thermal power coefficient, etc. The analyzed data have been graphically displayed afterwards for the purpose of which the Corel Draw and Surfer 8 packages were

TOURISM

used. From the obtained results a comparative assessment of the climate needs of certain activities with the possibilities of the existing climate type was made.

3. RESULTS AND DISCUSSION

Air temperature

Regarding the air temperature as a climatic element, there were elaborated in detail: the average monthly, absolute maximum and absolutely minimum temperatures for the measuring station Kriva Palanka in the period 1971-2000. The processing of air temperature data in Kriva Palanka for the period 1971-2000 gives an average temperature of 10.0 °C (tab. 1). The deviation from the average for the thirty-year period ranges from 9.0 °C (1976) to 11.5 °C (1998).

Table 1. Average monthly temperatures in Kriva Palanka (1971-2000)

Period	MONTH											
1971-2000	I	II	III	IV	V	VI	VII	VIII	IX	X	XI	XII
Σ (average)	-0,2	1,4	4,8	9,6	14,3	17,9	19,7	19,4	16,0	10,3	4,9	1,2

Table 2. Absolutely maximum temperatures in Kriva Palanka (1971-2000)

Period	MONTH											
1971-2000	I	II	III	IV	V	VI	VII	VIII	IX	X	XI	XII
Σ (max.)	16,3	18,4	23,6	26,3	31,0	33,6	38,0	37,4	32,2	30,5	22,8	19,7

Table 3. Absolutely minimum temperatures in Kriva Palanka (1971-2000)

Period	MONTH											
1971-2000	I	II	III	IV	V	VI	VII	VIII	IX	X	XI	XII
Σ (min.)	-20,5	-17,5	-12,2	-7,1	0,5	2,2	4,8	6,0	2,0	-3,5	-12,4	-13,4

TOURISM

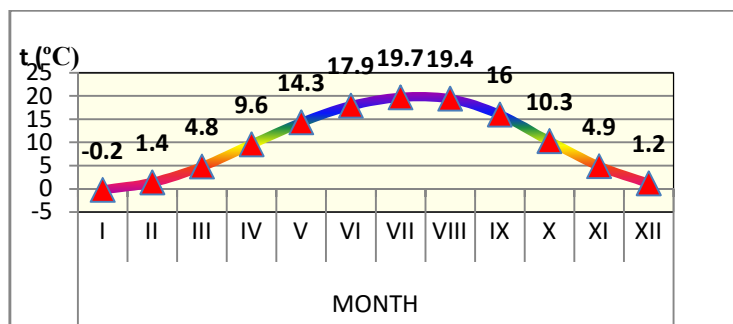


Figure 2. Mean monthly temperatures in Kriva Palanka (1971-2000)

The absolute maximum temperature (38.0 °C) during the period was measured in July, and the absolute minimum (-20.5 °C) in January (tab. 2). The continental nature of the climate reflects the minimum temperatures that are relatively low in the spring, but also in the summer months (tab. 3). The affiliation of Kriva Palanka in the continental thermal region of the Republic of Macedonia (Zikov, 1995), confirms the thermodynamic coefficient set by Kerner (Srebrenović, 1986). It represents the quotient between the difference between October and April temperature $T(\text{October}) - T(\text{April})$ and annual temperature fluctuation. For Kriva Palanka, the thermal power coefficient (Oceanity index) has a value of 3.5 %. According to Kerner, places with values above 15 % have a maritime climate, and if the value is less than 15 %, so much continental character is more pronounced. The unfavorable thermal influence on the economy in Kriva Palanka is most pronounced in agriculture, especially in the pruning culture and more fruit cultures characteristic for the territory of R. Macedonia. Namely, the vegetation period with temperatures ($> 10\text{ °C}$) lasts only 189 days. Absolutely minimum temperatures with ice show up by the end of April. They lead to malformation of the seeds and pigmentation of the fruit (Pressman et al., 1998). The average frosty period is 155 days, so there are conditions for damage to agricultural plants from early spring as well as late autumn frosts. The daily temperature fluctuations characteristic of Kriva Palanka also lead to cracking of

TOURISM

the fruits (Dorais et al., 2004). The thermal regime in Kriva Palanka according to Otorepec (1980) is responsible for breeding: barley, rye and oats (cereal), potatoes, beans, cabbage (pruning), plum, nut, chestnut (fruit) and some aromatic tea plants. From the aspect of the tourism in the Municipality of Kriva Palanka, the conditions for mountain tourism of recreational type for recreational people of different types are suitable, then for picnic and excursion tourism, especially in the summer months, which are characterized by favorable and refreshing low average temperatures ($<19,7^{\circ}\text{C}$) and low minimum temperatures ($<6,0^{\circ}\text{C}$).

Precipitation

Precipitation is an important climatic element that determines the climate type in a specific place with a particular impact on the economy. Their distribution is influenced by: the location, the relief, the surrounding seas as well as the constant winds. According to the analyzed schedule of the annual amount of precipitation, the Municipality of Kriva Palanka belongs to the continental pluviometric regime.

Table 4. Average monthly rainfall in Kriva Palanka (1971-2000)

Period	MONTH											
	I	II	III	IV	V	VI	VII	VIII	IX	X	XI	XII
1971-2000												
Σ (average)	32,9	37,9	40,6	56,1	67,2	63,8	54,6	47,5	54,6	49,0	58,5	45,6

TOURISM

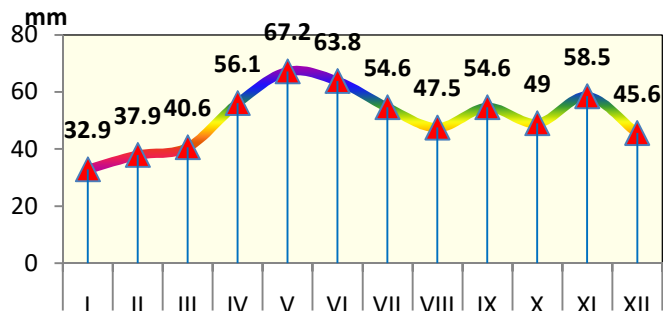


Figure 3. Average monthly rainfall in Kriva Palanka (1971-2000)

According to the obtained data for the given thirty-year period, the annual rainfall regime is clearly visible. The average annual amount is 609.3 mm (tab 4, figure 3). The driest month is January with 32.9 mm, and the most humid month is May with 67.2 mm. The amount in the vegetation period (May-October) is 336.2 mm, or 55% of the annual amount, which is of particular importance in agriculture.

Absolute monthly oscillation of precipitation

The difference between the maximum and the minimum amount of rainfall per month over a period (1971-2000) represents the absolute monthly fluctuation of precipitation. It is the highest in September with 150.0 mm (tab. 5).

Table 5. Absolute monthly fluctuation of the precipitation for Kriva Palanka (mm) from 1971-2000

	I	II	III	IV	V	VI	VII	VIII	IX	X	XI	XII
mm	67,2	57,3	82,2	99,0	110,6	126,6	130,0	137,7	150,0	143,9	125,7	117,6

TOURISM

Annual fluctuation of precipitation

The difference between the sums of the most humid and most dry month over a period reflects the annual fluctuation. The tables above reveal that the value in the period (1971-2000) for Kriva Palanka is 34.3 (May 67.2 mm; January 32.9 mm). The most significant economic impact of annual fluctuation of precipitation is on the volume and quality of yield in the agricultural regions (Prasanna, 2014).

Relative annual fluctuation of precipitation

The relative annual fluctuation of precipitation (expressed in %) represents the quotient of annual fluctuation and the annual amount of precipitation for a specific place. This for Kriva Palanka in (1971-2000) is 5.6 % (34.3 mm/609.3 mm). It is at the same time indicates the belonging of Kriva Palanka in the continental pluviometric regime (for values below 8 %). The smaller the value is, the annual distribution of precipitation is more even (Zikov et al., 1997).

Relative pluviometric excess

This climatological notion was introduced by the Angot (Dukić, 1977) and it provides the difference between the actual precipitation expressed in promilles and (hypothetically) equally distributed precipitation during the year expressed in (promilly). In doing so, an even distribution for the months of 31 days would fall to 85 ‰; for the months with 30 days, 82 ‰, and for February 77 ‰. Months with a positive pluviometric excess for Kriva Palanka (according to the Angot) are wet: April, May, June, July, September and November. Months with a negative excess are dry: January, February, March, August, October and December (tab 6). Wet months: May, June and July are suitable for growing fodder crops, while their effects on cereal crops, orchards and viticulture in the ripening period are limited. This situation vitally maintains the meadows and mountain pastures during the summer period, giving great potential in the development of livestock breeding of pasture type: sheep breeding and cattle breeding, but also beekeeping.

TOURISM

Rainy summer, on the other hand, is an obstacle to the development of many types of tourism. (Yuksel, 2008).

Table 6. Relative Pluviometric Excess for Kriva Palanka (1971-2000)

Size	I	II	III	IV	V	VI	VII	VIII	IX	X	XI	XII
Real amount (mm)	32,9	37,9	40,6	56,1	67,2	63,8	54,6	47,5	54,6	49,0	58,5	45,6
Real amount (%)	54,0	62,0	67,0	92,0	110,0	105,0	90,0	78,0	90,0	80,0	96,0	75,0
Smooth division (%)	85,0	77,0	85,0	82,0	85,0	82,0	85,0	85,0	82,0	85,0	82,0	85,0
Relative excess	-31,0	-15,0	-18,0	10,0	25,0	23,0	5,0	-8,0	8,0	-5,0	14,0	-10,0

Pluviometric coefficient

According to the Angot, it is an indicator of the annual distribution of precipitation. It is the ratio between the actual monthly amounts of precipitation expressed in ‰ and the even (hypothetical) distribution expressed in ‰. Months that have a value (over 1) according to this coefficient are wet, and those with a value (under 1) are considered dry. Those months with value (0.50) received only half the amount of precipitation that would be evenly distributed during the year. The dry winter months according to the pluviometric coefficient, January and February, are a serious drawback for the development of winter-sports tourism for practicing ski disciplines, and similarly in the higher hypsometric belts of the Osogovo Mountains within the Municipality of Kriva Palanka (tab. 7).

Table 7. Pluviometric coefficient for Kriva Palanka (1971-2000)

Month	I	II	III	IV	V	VI	VII	VIII	IX	X	XI	XII
Kriva Palanka	0.63	0.8	0.78	1.12	1.29	1.28	1.05	0.91	1.09	0.94	1.17	0.88

TOURISM

Rainfall factor and rainfall index

The rain factor (according to R. Lang) is the quotient between the annual amount of precipitation and the average annual air temperature (Dukić, 1977). This size for Kriva Palanka has a value of 60.9. According to the scale of R. Lang in relation to the rain factor, Kriva Palanka was characterized by a humid climate with weak forests (which is valid for values from 60 - 100). The French geographer Emm de Martonne introduced the size of the "drought index" by which the climate can be defined in terms of humidity (Dukić, 1967). It is calculated as a quotient between the annual amount of precipitation and the average annual temperature increased by ten. The drought index for Kriva Palanka is 30.4. According to the scale of De Martonne, in Kriva Palanka there is constant surface drainage of the basin and irrigation is not necessary (with the exception of some cultures) that applies to all places with a value of 30-40. Such a situation is of great use in: agriculture, animal husbandry, fruit growing and forestry, and some industries related to these activities, such as: the meat, dairy and wood industry, whose potentials are modestly used. This equation De Martonne has modified and adapted for estimating the "intensity of the drought", ie the aridness of individual months of the year. This is determined as the proportion of the product from the average monthly precipitation (P) and precipitation days (J), versus the average monthly temperature (T) in one place. According to this equation, there are no arid months in Kriva Palanka, since the value for August is 22.7, which is twice as much the limit for aridity (10).

Days with rain and snow

Table 8. Rainy days and snowy days in Kriva Palanka (1971-2000)

Month	I	II	III	IV	V	VI	VII	VIII	IX	X	XI	XII
Snow	6,6	5,0	4,9	1,2	0,06	0	0	0	0	0,3	3,0	5,7
Rain	6,2	6,6	8,7	13,3	16,1	13,0	10,3	9,3	8,4	8,7	9,2	8,1

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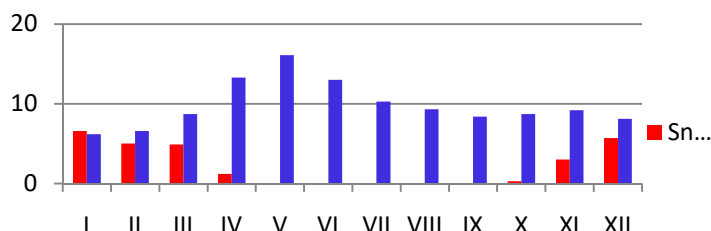


Figure 4. Rainy days and snowy days in Kriva Palanka (1971-2000)

The total annual number of days with rain in Kriva Palanka is 118.2 with a maximum in May and a minimum in January. Average snowy days per year in Kriva Palanka go up to 27.9 (tab 8, fig. 4). The snowiest month is January with 6.6 days. It was the last to be 1973 with 42 days, and the least snow was in 1989 with 13 days. The short duration of the snow cover is the only disadvantage to the development of winter sports in the area of the Municipality of Kriva Palanka.

Cloudiness

The cloudiness in Kriva Palanka ranges from 3.4 tenths for August to 6.0 tenths in January and December, which is a high value for the measuring points in the Republic of Macedonia. The average cloudiness for the thirty-year period is 5.1 tenths (tab. 9, fig.5). Increased cloudiness in the vegetative period, practically reduces photosynthesis and reduces synthesis of organic matter in plants (Otošević, 1980). Such conditions require a careful selection and care of crops that have less need for sunlight such as: corn, millet, beans, potatoes, alfalfa and others. In the forestry they are: fir, beech, linden and others.

TOURISM

Table 9. Cloudiness (in tenths) for Kriva Palanka (1971-2000)

Period	MONTH											
1971-2000	I	II	III	IV	V	VI	VII	VIII	IX	X	XI	XII
Σ (average)	6,0	5,9	5,8	5,9	5,8	4,7	3,6	3,4	3,9	4,7	5,8	6,0

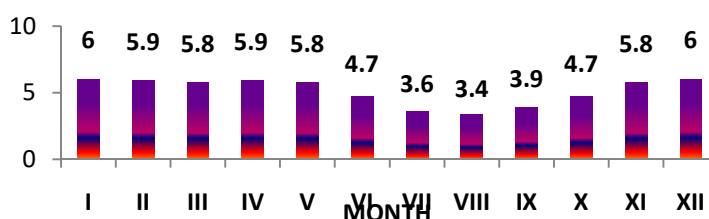


Figure 5. Cloudiness (in tenths) for Kriva Palanka (1971-2000)

Relative air humidity

The relative air humidity (%) is the degree of saturation of the air with water vapor. In the settlement of Kriva Palanka in the period 1971-2000, humidity was an average of 68.2 % annually. The month of August was with the lowest humidity (60.1 %), and the month of December with the highest humidity of 77.1 % (tab. 10, Fig. 6). The annual regime of relative humidity in Kriva Palanka is beneficial to the primary activities and recreational types of tourism, because in the summer period the air is constantly saturated with steam (over 60 %) and during plant vegetation, the humidity is optimal. (tab. 10, fig. 6).

Table 10. Humidity of air (%) for Kriva Palanka (1971-2000)

Period	MONTH											
1971-2000	I	II	III	IV	V	VI	VII	VIII	IX	X	XI	XII
Σ (average)	75,5	71,6	68,8	62,8	65,5	63,7	60,8	60,1	65,7	70,4	75,4	77,1

TOURISM

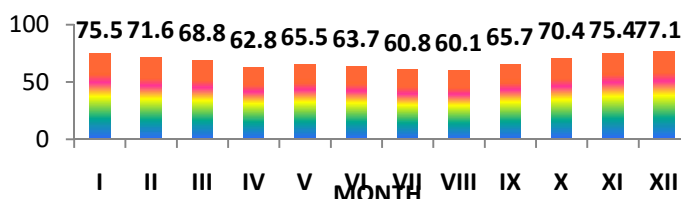


Figure 6. Влажност на въздухот (%) за Крива Паланка (1971-2000)

Foggy days

The data in the table below show that Kriva Palanka, in the period (1971-2000), has average 14.2 days with fog. Foggy days in the summer are almost reduced to zero. The minimal appearance of this unfavorable biometeorological element in Kriva Palanka, alongside to clean and fresh air, arising from good ventilation in the territory, emphasize the epithet of favorable air bath with the possibility of developing recreational tourism types. The most foggy days in the analyzed thirty years were in 1988 (25), and at least in 1989 with only five foggy days. The foggiest month is December (4 days), and the clearest months are July and August (tab. 11, fig. 7).

Table 11. Foggy days in Kriva Palanka (1971-2000)

Period	MONTH											
1971-2000	I	II	III	IV	V	VI	VII	VIII	IX	X	XI	XII
Σ (average)	3,1	1,3	0,7	0,3	0,1	0,1	0,0	0,0	0,4	0,5	2,0	4,0

TOURISM

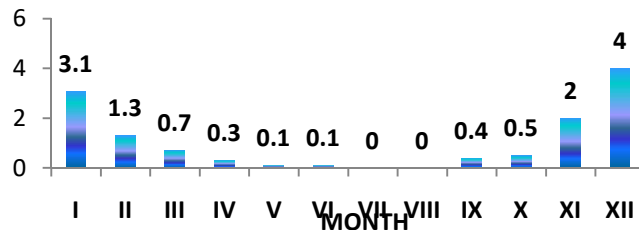


Figure 7. Foggy days in Kriva Palanka (1971-2000)

Winds

Based on the data from the above tables, it can be concluded that in the period from 1971 to 2000, in the Kriva Palanka, the winds from the northeast were mostly dominated with an average annual frequency of 538 ‰. Then there are winds from the northwest direction with an average frequency of 172 ‰ and those from the north direction with a frequency of 95 ‰ (tab. 12, fig. 8, 9). The average annual frequency of the silences is 203 ‰. The wind regime in Kriva Palanka shows a neutral impact on the economy. The increased frequency of winds from the north direction highlights the continental nature of the climate through the passage of cold air masses.

Table 12. Frequency of winds (‰) in Kriva Palanka (1971-2000)

Direction	N	NE	E	SE	S	SW	W	NW
Σ (‰)	95	538	27	5	35	172	29	18

TOURISM

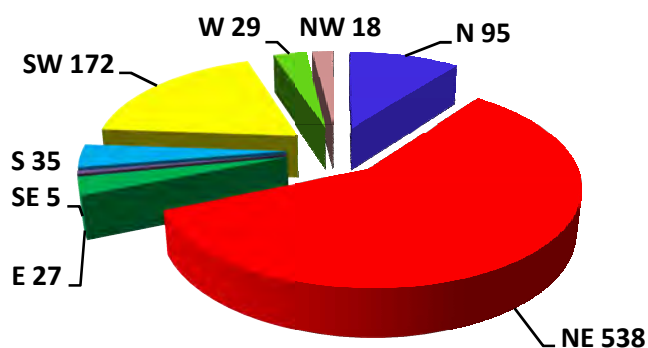


Figure 8. Frequency of winds (%) in Kriva Palanka (1971-2000)

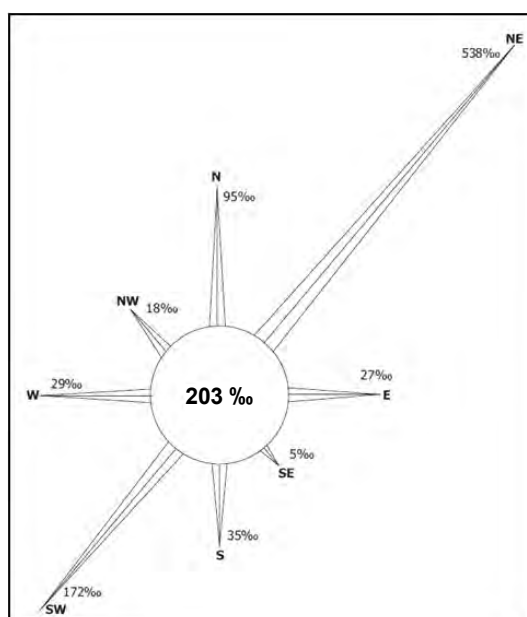


Figure 9. The rose of the winds (%) in Kriva Palanka (1971-2000)

TOURISM

CONCLUSION

Based on the analyzed data on the basic climate elements in the Municipality of Kriva Palanka in the period from 1971-2000, the following conclusions can be drawn:

The average mean annual temperature in Kriva Palanka is 10.0 °C. Thermal coefficient (3.5 %) indicates the thermal influence of the continental character nearby. The average annual rainfall is 609.3 mm. The relative annual fluctuation is below 8 % (5.6 %) indicating the continental pluviometric regime. The rain factor (according to Lang) is between 60 - 100 that shows a humid character. The drought index (according to De Martonne) shows that there are no arid months in Kriva Palanka. The days with rain are 118.2, and snow days have 27.9. The cloudiness is on average 5.1 tenths. The humidity stands on average 68.2 %. Foggy days in Kriva Palanka have an average of 14.2. The winds prevail from the northeastern and northwestern direction. According to the value of the climatic elements for the Municipality of Kriva Palanka, it can be concluded that during the thirty years investigated, it was characterized by a continental type of climate characteristic of the northeastern and most eastern parts of the Republic of Macedonia. The identified climatic type with characteristics in the Municipality of Kriva Palanka differed differently on the development of the economic activities such as agriculture, water economy, forestry, traffic, tourism and others.

Climatic characteristics in Kriva Palanka stimulative influence on: animal husbandry, forestry and mountain recreation tourism, through fresh summers with low minimum temperatures and sufficient rainfall and humidity, then in some agricultural branches, as in the cultivation of: forage plants (alfalfa, clover and ferns), some garden plants (potatoes, beans, cabbage, onions, garlic), cereals (barley, rye, oats, corn) and fruit plants (plum, sour cherry, nut, chestnut, forest fruits). Particularly emphasized is the stimulative influence of the climate on: sheep breeding, cattle breeding and beekeeping, allowing rich grass and flowering vegetation for grazing throughout the summer. Also, the development of industrial branches related to these primary activities is possible. The limiting influence of the climate in Kriva

TOURISM

Palanka is present in some fields of agriculture, especially in most garden plants (tomato, pepper, cucumber), industrial (soybeans, tobacco, sunflower), cereals (wheat, rice), then fruit growing (apple, pear, peach, apricot) due to the reduced number of days with active temperatures, late spring frosts, increased cloudiness, humidity during the summer months of June and July, the penetration of cold air masses from the northeast direction and the expressed daily fluctuations in temperatures. The low number of days with snow and the short duration of the snow cover, also disrupts the development of winter sports.

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TOURISM

TYPES OF TOURISM AND THEIR IMPACT ON THE DEVELOPMENT OF TOURISM IN THE MUNICIPALITY OF TETOVO

Arta Kadriu ¹

Abstract

Tourism as a recent industry is one of the key elements that play an important role not only in the country's economy but also in the exploitation of natural resources by the man himself. The municipality of Tetovo recently has paid special attention to this industry. Since the city of Tetova itself has a suitable geographical position for the development of rural tourism, ecotourism, winter tourism, mountain tourism, cultural tourism, etc.

In this paper we will describe all the types in particular and its impact in the development of tourism in the Municipality of Tetova. We will also present some of the strategies for tourism development in this touristic area, where we are more concerned with winter tourism, cultural tourism, ecotourism etc. As another element that we have included in this scientific paper is the marketing role in the development of tourism and its elements. Marketing as one of the key points whereby it becomes the recognition of a country or tourist destination and the opportunities that this destination offers. And in the end we will also include SWOT analysis where through which would be described the strength, the weaknesses, the opportunities and the threats that the municipality of Tetova has as a developing tourist destination. Through the strengths we will present all the tourist elements that this place has for tourists whether they are from the country or foreign tourists, what natural potential it possesses, how much tourist capacity it has, etc., through the opportunities we will present the possibilities that this place offers and what could improve within its potential, through the weaknesses will present a handicap and hamper the further development of tourism in this country and at the end through the threats we will present the elements that are harmful during the development of tourism in the Municipality of Tetovo.

As a conclusion we can conclude that the tourism industry is already playing a special role in the development of each country and region, since it has become part of the economy of each state in particular.

Keywords: tourism industry, development, types of tourism, marketing swot analysis.

JEL classification: Q26; L83

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TOURISM

INTRODUCTION

In this research paper titled Types of tourism and their impact on the development of tourism in the municipality of Tetovo. I have analyzed all possible types of tourism, which are: winter-sports tourism, mountain tourism, rural tourism, ecotourism, spa and cultural tourism. Winter tourism is one of the most important types of tourism, which according to the tourist potential can be developed even more than now, but we know that new investments are needed by the responsible institutions, the same is for the following types of tourism, the spa tourism is also an important type of tourism that attracts not only domestic tourists but also foreign tourists either for relaxation or for treatment. All these types of tourism have a special role in the development of tourism in the Municipality of Tetovo and Popova Shapka.

1. METHODOLOGY

The methodological approach in the preparation of this research paper contains all the analyzes made in the Municipality of Tetovo, starting with the natural beauties, the tourist potentials, the conditions for tourism development, the cultural and historical heritage, the infrastructure according to which are formulated the principles for further development of tourism. During the preparation of the research paper, besides scientific literature, field investigations were used. The theory belongs to literature in the field of tourism which is used for further research practically on the field. The fieldwork faces the real possibilities and the real conditions that this place holds for tourism development.

2. TYPES OF TOURISM AND THEIR IMPACT

Winter-sports tourism

Sharr Mountain has opportunities for development of many types of tourism, especially for winter sports tourism. Due to its high peaks, and favorable climatic influences, this type of tourism can be developed in all parts of Sharr Mountain where conditions are provided for this type of tourism. According to the analysis of

TOURISM

OCDE experts, Jan Iten and Michael Rey found that on Sharr Mountain there are 103,770 m or 28.4% of the total denivelation in the Republic of Macedonia. In this area can trace 80 ski runsthe authors concluded that all ski trails are touching and forming a single chain of ski trails.¹But further analysis found that the possibilities for skiing trails are greater. On the basis of the natural potentials that exist in Sharr Mountain, no other mountain in our country has these characteristics. The Sharr Mountain has one breadth where there can be the largest number of ski trails. PopovaShapka is known as the main tourist center of the skiers, although there is a possibility for building other tourist centers in this region. Every year, the tourist center of PopovaShapka attracts a growing number of tourists because of the good skiing and relaxation areas, and the number of tourists increases during the skiing events, such as the "Sharrmountain Cup" competition. There are various types of skiing, for example: recreational skiing, motor skiing, pulling the sled by dogs, and also slipping is very attractive when talking about winter sports.

In the future, attention should be paid to these types of winter-sports tourism, since all these natural tourism potentials for tourism development should not be left out without being used by foreign or domestic tourists. In this way, we can improve the tourist offer and be part of the tourist market with unique tourist offers.

Mountain tourism

This type of tourism represents a tourist movement through the mountain and revealing all undiscovered opportunities for tourism development in Sharr Mountain. Tourists who like this kind of tourism enjoy the clean air, the high peaks, the beautiful waterfalls, the cold springs, the glacial lakes, the varied plants in one word enjoy the beauties of nature. Mountain tourism includes hunting and fishing tourism. In our region there are various types of game that are rare in other countries. Hunting tourism is an attractive element for tourism development, but above all we have to say that

¹J. Iten, M. Rey, Analiza mogućnosti i problema razvoja zimskoga turizma u Jugoslaviji, OCDE, 1968, p. 22.

TOURISM

hunting has boundaries, which means that we should not damage the animal world. From the point of view of hunting, the term wild game refers to that part of the wild animals that man consciously cultivates and protects in order to maintain their numerical population to that amount which would provide a permanent and legally possible to hunt.¹ There are a large number of wildlife in Sharr Mountain, for example: rabbit, fox, badger, wolf, wild goat, wild boar, wild bear, rice, and bear. In the part of Leshnica there lives a dill, a wild goat, a bear, in the part of the Aquinas River lives a wild goat, a bear and a rice, and a wild boar lives in the valleys of the River Pena and Mazdracha. Hunting tourism can be attractive for coming to foreign tourists in this region, but above all, it is necessary to create favorable conditions for hunting grounds. The same is true for fishing tourism, there are various fish in the glacial lakes where we can enjoy the hunting in the beautiful mountains of Sharr Mountain.

Rural tourism

Besides the other types of tourism on Sharr Mountain, there is the possibility of developing rural tourism. Under the term rural tourism, there is one definition that most often starts from the rural space and the activities that the rural space allows. In that sense rural tourism means the occasional stay of tourists in a rural environment that, in addition to the clean air and the natural ambience of the tourists, enables active participation in the work of the village but also participation in some festivities, religious customs and other manifestations.² From here we see that rural tourism also uses other terms such as rural tourism, agro-tourism, rural tourism, etc. According to the World Tourism Organization (WTO), the basis for the development of rural tourism are natural resources (springs, rivers, mountains, forests), rural heritage (traditional architecture, mosques, churches), rural lifestyle

¹I. Drazhdovski, Game Classification, Hunting Guide, Union of Hunting Organizations of Macedonia, Skopje, 1978, p. 8.

²B., Vukonić, N., Čavlek, Rječnik turizma, Masmedia, Zagreb, 2001, p. 348.

TOURISM

(cuisine, local manifestations, living) and the activities that tourists can perform in the rural area (fishing, hiking). This type of tourism offers relaxation and stroll through the beautiful meadows and various plants, hunting, and many other entertainment activities in nature. We can say that rural tourism in our country is not yet well developed, according to surveys done in the villages, many of the population do not know about this type of tourism even if they do not have information that they can profit from this type of tourism. This type of tourism envisions the stay of tourists in village houses, feeds on homemade food, deals with everyday activities as well as the inhabitants of this region. Based on this we know that all Sharr Mountain villages have the opportunity to develop rural tourism, since this type of tourism does not need modern infrastructure, but the infrastructure that has been built long ago, only the elementary living conditions need to be improved, the educational structure of the inhabitants because we know that tourism requires suitable staff who must be in some way an animator to attract more tourists. The goal of rural tourism is to adapt demand and supply, but it always means without damaging the environment.

All these features or elements we have mentioned are divided into two categories, both internal and external. The internal category includes household, agricultural land, attractiveness of the site, infrastructure, etc., and the external category includes traffic, natural resources, nature conservation and cultural heritage.

Ecotourism

In our country, ecotourism is very little developed or, say, it is not completely developed. This type of tourism is unused in Sharr Mountain, natural tourism potentials are unused by the human factor. When we call the human factor, this refers to individuals, local and state responsible institutions. We will highlight several features that need attention:

- all types of tourism that are based on natural potentials,
- minimizing negative impacts on the natural environment

TOURISM

- protection of natural potentials
- developing infrastructure
- protection of wildlife
- development of all possible types of tourism

The International Society of Ecotourism (TIES) in 1991 gave a definition that reads: "Ecotourism is a responsible journey in the field of nature, which preserves the environment and maintains the well-being of the local population."¹

From all this, for this kind of tourism, we can conclude that for development of ecotourism in Sharr Mountain, a special plan needs to be emphasized, which will emphasize all measures, directions, and principles that should be taken to improve the tourism in this region.

Spa tourism

We can find spa tourism as well as healthy tourism. In our country there are a number of thermo-mineral springs that also applies to Sharr Mountain. This region features thermo mineral waters that we call baths. One of these baths is the place formerly called Hisar but now called Banjiche. The waters of the baths are used for various health problems; this has existed from the old times to the now days.

In the documentation of City Headquarters since 1932 there is a decision to issue a name under the name of Hisar Spa. Once the water was tested in the laboratory of the Institute for Fractional Diseases in Skopje the same year City Headquarters approved funds for construction of a bath. Soon after, a large wooden cabin with baths and a bathing pool was built, and weekend houses began to be built on the surrounding estates. This thermomineral water began to be actively used for the treatment of chronic bowel, stomach, respiratory, skin diseases and it was believed that the spa

¹www.world-tourism.org

TOURISM

helps those who cannot getting pregnant helps them capable of birth.

Compared with other cities in other countries, they have paid more attention to the baths than with us, but we think that it is already time to use the maximum natural potentials that we have a gift from nature and we do not invest in order to be able to use them for our use and for tourists.

Cultural tourism

Cultural tourism means tourism developed on the basis of cultural and historical heritage, for example: historical monuments, art works, preserved remains of the past. In recent times, tourists, in addition to wanting to discover new tourist destinations, are also interested in the cultural tourism of that tourist destination, which is their goal to visit. This type of tourism, apart from what it has to do with the monastery's tourist destination, also includes the present time associated with cultural events, a gallery, a theater show, a fashion show. The possibilities for development of cultural tourism depend on the former and the current development of the city. The Municipality of Tetovo have enough cultural heritage that has a great influence in the development of this type of tourism, for example: the bridge, the museum, the cultural center, the monuments, the Arabati Baba Tekke, the Colorful Mosque, the Hammam, etc.

To improve this type of tourism, as we have mentioned for other types, this should involve engagement, investments and above all a tourism development plan in our tourist region.

SWOT analysis

SWOT analysis describes very well the touristic offer that our municipality offers to the tourists. In these four divided sections are mentioned what we have, what we need to do, what we can do and what obstacles us to go ahead with the development of tourism.

STRENGTH

1. Excellent geographical location

WEAKNESSES

1. Lack of information for foreign

TOURISM

		and domestic tourists
2.	Proximity to market (Albania, Kosovo, Montenegro, Serbia, Bulgaria, Greece)	2. Insufficient infrastructure
3.	Natural potentials	3. Marketing of a tourist offer
4.	Numerous natural tourist attractions for tourism development	4. Lack of personnel with managerial skills in tourism
5.	Expectations from tourism (employment, etc.)	5. Lack of promotion in the media, internet (websites), poor connectivity with travel agencies
6.	Investing	
OPPORTUNITIES		THREATS
1.	Development of alternative tourism	1. Lack of funds for new infrastructure
2.	Increased interest in the international market	2. Increase in product prices
3.	EU integration and use of funds from programs for sustainable tourism development	3. Low local interest rate for tourism development
4.	International cooperation for sustainable development programs	

Here we have mentioned only a few points, but there are others as well. These key points we can see that if we meet each of them correctly we can have a very successful tourism development in this region.

CONCLUSION

From all these mentioned above we can conclude that the Municipality of Tetovo, including the tourist center Popova Shapka and Sharr Mountain, have excellent natural potentials, where

TOURISM

special attention is needed beforehand and with small investments, the current situation for tourism development can be improved.

The geographical position, the natural potentials and the cultural and historical heritage that we have emphasized above for the Municipality of Tetovo are the key factors for a tourist offer. However, we will repeat that without a good investment there is no further sale, each country functions according to this formula, which is the key to any further development.

In the end it can be said that tourism plays an important role in the economic growth in the region and in the country, the more foreign tourists to visit this region the more will benefit the city and the country. Profit is understood in two types, one of which is becoming more familiar in the tourism market, and the other profit is that the economic level of the country increases by several percent.

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- J. Iten, M. Rey, Analiza mogućnosti i problema razvoja zimskog turizma u Jugoslaviji, OCDE, 1968, p. 22.
- The miraculous bath Hisar code Tetova, in which no interruption, became capable of giving birth, Vardar, Skopje, December 14, 1938
- www.world-tourism.org

TOURISM

PROBLEMS OF THE IDENTITY, IMAGE AND THE BRANDING OF THE REPUBLIC OF MACEDONIA AS A TOURIST DESTINATION

Goran Kitevski ¹
Katerina Mijalova

Abstract

Based on the geographical location, natural and anthropogenic characteristics, the Republic of Macedonia is perceived as a country with a great potential for developing tourism. In the wake of the globalization, the Republic of Macedonia has the opportunity to participate in the huge world tourism market, as much as any other tourist developed country in the world. In order to that, the Republic of Macedonia to be established as a tourist destination, developing an identity, an image and a suitable tourist brand. It is worth noting that the Macedonian tourist status does not meet the tourist potentials, and in general, the Republic of Macedonia as a tourist destination on the regional and world level is recognized by a certain anonymity, average image of a destination that does not have the "must visit" status, lacking certain developed brand. In this paper, the problems in the creation of a brand of the Republic of Macedonia as a tourist destination will be elaborated. Generally, the country itself will be regarded as a tourist destination, and gradually, the Republic of Macedonia will be categorized into several other local tourist destinations, such as Ohrid, Skopje, Prespa and others. The main problems in the creation of a tourist brand on the state and local level will be: non-originality and lack of creativity, inadequate management of destinations, inadequate management of the human resources, general state tourism policy, etc. On this basis, some theoretical foundations as suggestions for improving the position for developing the brand of tourist destinations will be placed.

Keywords: non-originality, lack of creativity, anonymity, average image

JEL classification: Q26; L83

INTRODUCTION

The tourist identity of the Republic of Macedonia is transitional – somewhere in between the experienced socialist and open global tourism market. Macedonian tourist identity is based on the internal

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TOURISM

perception that the country has many tourist potentials, and there are many ways and options to join the growing global tourism market. For such convergence, tourist branding and creation of a positive tourist image are the key necessity. But the small steps in this field are fairly non-original and non-creative - the main ideas for introducing products are generally derivative or plagiarism of an already successful business model from various tourism stories. The Republic of Macedonia has the potential to develop tourism to a certain satisfactory level, it is necessary to obtain more creative marketing campaign, on local and state level, both in the private and the public sector.

1. IMAGE AND IDENTITY OF TOURIST DESTINATION

Tourism can be considered as an industry that sells fantasies and feeds upon the dreams, hopes, beliefs, expectations and of people's imagery, which in turn are transformed into consumer goods; into experiences. (Martins 2015)

The brand is nowadays considered a name, term, design, symbol or any other characteristic element that identifies and distinguishes the product or service of a company from other companies. (Filipa Freitas Carvalho, Moraes Sarmiento and Maria Correia Loureiro 2017) The creation of brand begins with market research. The goal of the first phase is to discover the needs and wishes of the potential tourists. When needs and wishes are well defined begins the creation and the production of the brand. This process includes defining of brand elements, such as name, design, logo and the other elements that form the brand "line". (Berc Radišić and Mihelić 2006)

Promoting a place by using its uniqueness, has been an innovative way of doing tourism; and it was the born of place branding definition. It does not mean the place's promoted image is different from the real image; rather than that, the touristic image has to be realistic yet attractive in many ways in order to gain attraction and curiosity from tourists. (Thuy Linh 2012)

Destination image represents the overall impression about a destination, represented by the identity and overall features which are important for the target market. Due to the fact that tourist

TOURISM

destination image is based on the identity of tourist destinations, and that it is the impression about the overall tourist destination, it typically occurs that a tourist destination is identified and recognized according to its image. (Barišić, Prebežac and Mikulić 2012)

The creation of the destination identity is concentrated on the market and always in relation to the competition and taking into consideration the requirements of the tourist, all in order to create such a product that would be well positioned in the tourist market. (Berc Radišić and Mihelić 2006)

The place name is in effect the destination brand, and yet in most cases will not provide an explicit association with the position sought in the travel market(s). Only on rare occasions has a place name has been changed to increase appeal to travelers, such as in the case of Elston, which was changed to Surfers Paradise in the 1930s. More recent exceptions include an island in the Caribbean renamed Cuervo Nation by the famous tequila brand owners, and another island changed from Hog Island to Paradise Island to appeal to the cruise ship industry. (Pike 2005) Although the positive image of a particular tourist destination can be adequately built through taking of appropriate marketing activities in all aspects of marketing programs, it should be emphasized that it has to be primarily based at key tourist attractions of a destination which in the process of brand establishing have decisive role. (Loncaric 2014)

2. TOURIST IDENTITY OF THE REPUBLIC OF MACEDONIA

The tourist identity of the Republic of Macedonia is mainly based on the perception of domestic tourists for the inexorableness of the huge tourist potential of the country, represented in cultural heritage and untouched nature and landscapes. Such perception is the result of the image built within Yugoslavia, when the closed principle of the socialist common state guaranteed the state's participation in the common tourist market.

Unlike the tourist participation in the socialist closed system, today the Republic of Macedonia participates on a global stage, where competition is drastically higher, and much more marketing

TOURISM

and management operations are needed in order to achieve tourist competitiveness. The Republic of Macedonia is not considered as a tourist destination with built image and brand. More precisely, there are no destinations in the country that can be called branded products.

The first and basic problem of the branding of the Republic of Macedonia as a tourist destination: it is necessary to re-brand the perception that there is a brand. Namely, it should be removed from the basis of the case - that the Republic of Macedonia does not participate in a small market in which there is a certain tourist orientation, but participates in a global market where tourism potentials are not enough to persuade the tourist to spend his money and time. Re-branding should refer to the creation of a tourist offer that will consist of creativity and originality - the only way that can differentiate one tourist destination from another.

3. PROBLEMS AND PROCESSES BETWEEN TOURIST IMAGE AND TOURIST BRAND OF THE REPUBLIC OF MACEDONIA

In an attempt to rebrand tourism, the Republic of Macedonia faces some uninventiveness and poor creativity. There are attempts to monitor the tourist trends that are in their zenith, and interesting is the example with the creation of brand elements based on already built brands. In order to avoid commercial criticism, the paper will not contain a register of the large number of commercial bars, restaurants, taverns, hotels, and beaches that are copied to some Western affirmed products to the fullest extent. Taken as an example, marketers in the Republic of Macedonia must face the truth that the copy will never be better than the original. When a potential tourist makes the hard decision where to spend his money and free time, he will not reconcile himself with a copy when the original is available.

An online survey was conducted, covering a different profile of tourists from abroad. The initial results of the conducted survey can be a good indicator of the shaping image for the tourist destinations in the Republic of Macedonia; but also for the possibility of repairing and improving the image, and thus improving the tourist version for tourists from both the domestic and foreign markets.

TOURISM

Following the wishes of the consumers must be imperative in the creation of the tourist policy of the Republic of Macedonia. In addition to the traditional follow-up of the tourist trends inherited from the past of our country, along with the development of tourist routes only in the traditional direction, monitoring of the recent experiences of domestic and foreign tourists is of particular importance. They can be a serious indicator of the situation, potentials and perspectives of tourism in the Republic of Macedonia.

In the survey, most of the respondents come from neighboring countries: mostly from Serbia, followed by guests from Bulgaria and Greece. From the wider surrounding, tourists from Turkey were also included.

The question "how did you find out about the Republic of Macedonia as a tourist destination" is dominated by the answer "we already knew about the destination", which is fairly justified, as a result of the geographical distribution of tourists coming to the Republic of Macedonia.

As the main reason for coming to the Republic of Macedonia, most of the respondents marked the night life option (30%), but also *visit of some relatives and friends* (28%). The option "Other reason" occurs in 22% of the respondents. *Sports and recreation, business* and other named options are all under 10%.

From such answers, it can be summed up that the Republic of Macedonia has the image of a country that offers entertainment (urban tourism), but also has the potential for development of genealogical tourism, where many foreigners can trace their origin back to Republic of Macedonia.

In terms of elements of the tourist destination, tourists highly appreciate the safety and security in the Republic of Macedonia. Also, tourists believe that the Republic of Macedonia is easily accessible destination, and a country with preserved and untouched nature, with wide cultural diversity, excellent traditional cuisine, and hospitality. On the other hand, tourists consider that the offer of spa and wellness tourism is rather poor, as well as the availability of sports infrastructure elements.

Based on the results of the conducted survey, it can be concluded that the Republic of Macedonia in the perception of

TOURISM

tourists has positioned itself as a safe and secure tourist destination, something that must be considered as serious capital in terms of development of tour programs, given the fact that the number of tourists on a global level is constantly increasing, regardless of political crises. In case of insecurity and instability, the tourists do not stop traveling, they only avoid the unsafe destination. In such a case, exactly the destination that will be positioned as safe and secure will have the priority in the leveled tourism market. Most interesting are the results that show that tourists come to the Republic of Macedonia for entertainment and night life. Such an outcome does not match with the general perception of the domestic population, domestic tourists, and the state as a tourist generator. However, this means that the Republic of Macedonia has a non-affirmed potential in urban tourism, which is recognized in the wishes of foreign tourists.

Skopje, as the main social, cultural, economic and political center of the Republic of Macedonia, with its gravitational power and its potentials, along with Ohrid, which is perceived as a traditional tourist center, has the possibility of being tourist brands in the Republic of Macedonia. They have the potential, but a creative marketing campaign is lacking. All other Macedonian destinations and tourist products have more serious problems in affirmation as a tourist brand. For Skopje and Ohrid, as only option for international branding, a serious marketing campaign is needed, which would include innovative populist measures (example: inauguration of a world celebrity as an honorary citizen), as well as the implementation of new tourist forms: for example: set-jetting, European cultural capital nomination, and other alternative tourism forms.

CONCLUSION

The main remark is that the Republic of Macedonia is not a tourist brand, but the branding must be imperative of tourism policy. Creativity and innovation must be a key concept in the marketing campaign both for the private and the public sector, since creative results are the only way to differentiate the Republic of Macedonia from other tourist destinations, which generally have a similar tourist offer and program.

TOURISM

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DEVELOPMENT OF THE HUMAN RESOURCE ECONOMIC MANAGMENT

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Gordana Stojmenovic

Abstract

The human development index (HDI) is an indicator that shows the expected life expectancy at human birth as an indicator of human health and the longevity of the population. Education is also expressed through this index, measured through adult literacy and total enrollment in primary, secondary and tertiary education. It is a standard way of calculating human development in a country, a concept that should expand people's preferences and give them greater opportunities for education, health care, income, employment, etc.

The main goal of this paper is through comparative analysis to show the current status of human development measured with HDI in the Balkan countries. The comparative analysis was done in order to perceive the level of development of the human index between the Republic of Macedonia and the countries of the Balkans. With the help of this analysis we saw the changes in the Human Development Index over the years in relation to the changes that have occurred in the countries of the Balkans. By making a comparative analysis, the causes and factors that influenced different or similar development of people through the Human Development Index were perceived.

The methodological approach used in the research is determined, above all, by the specificity of the studied issues. In order to answer the set goal, the research uses several scientific-research methods such as: method of analysis, historical method, statistical method, comparative method and logical method, based on which appropriate conclusions have been reached that directly explain the investigated object. The subject of this paper focuses on the concept and significance of the index of human development, as well as its theoretical basis, the old and the new methodology of calculation, the trend of the movement of the human development index in the Republic of Macedonia, as well as the comparative analysis between countries of the region.

Keywords: Index of human development, economic development, Balkan, human development.

*JEL classification:*G1

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INTRODUCTION

By the end of the 1980s, the central issue of development was focused on the growth of income and not on the growth of quality of life. Therefore, the development strategies were oriented towards production and left no significant space for improving the welfare of individuals. In the beginning of the 1990s, the human development concept emerged, stressing that economic development ultimately should result in growth of quality of life of individuals, while the goal of the development process was to expand the capabilities of individuals by placing them in the focus of the efforts for development. This paper is focused on the quality of life of the individuals. Quality of life refers to the welfare of human. It includes measurable components (such as standard of living) and non-quantifiable components (such as education, health, safety, happiness etc.). Human development is closely linked to the quality of life of the humans, more so the process of expanding human choices regarding their possibilities to lead a long and healthy life, being educated and having a decent living standard. Human development is the ultimate goal of economic development, and the most perfect mean to promote economic growth. From 1990 to 2015, the life expectancy in the Republic of Macedonia has increased from 71 to 76 years. The expected time for schooling has increased from 10 to 13 years, while the HDI value has risen from 0.70 in 1990 to 0.74 in 2015. Here, the gross domestic product is also of great importance through which we come up with estimates used to determine the economic performances of the entire country or region and to make the necessary international comparisons. The basic way of using the HDI after the GDP calculations is to rank the countries according to whether they are developed, developed or not underdeveloped. A comparative analysis has been made to make a comparison of the level of development of the human index between the Republic of Macedonia and the countries of the Balkans.

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1. COMPARATIVE ANALYSIS OF THE HUMAN DEVELOPMENT INDEX IN THE REPUBLIC OF MACEDONIA WITH THE BALKAN COUNTRIES

We start the comparative analysis by presenting a list of all countries ranked according to the Human Development Index (HDI). The latest report was released on December 14, 2015 and is based on 2014 estimates, containing 185 countries of the UN (out of 193), together with Hong Kong (PRC) and Palestinian territories. The Human Development Index (HDI) is a comparative measure of the expected life, literacy, education, living standards and quality of life for each of the countries around the world. It is also a standard way of expressing well-being, especially that of children. This index is an indicator of whether the country is developed, under development or underdeveloped, and it also expresses the impact of economic policy on the quality of life. Countries are divided into four categories of human development. Each of them contains 47 countries, except one, which has 56. The categories are as follows:

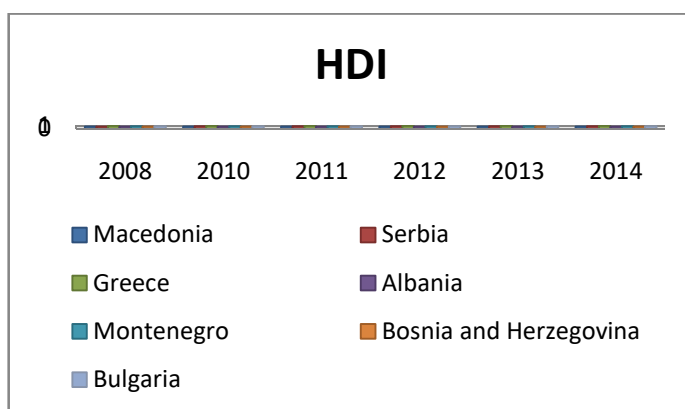
- Very high human development,
- High human development,
- Middle human development and
- Low human development.

Due to the new methodology adopted in 2010, the HDI figures are lower than those in previous reports. The largest drop in HDI from 1998 to date has experienced Zimbabwe, from 0.514 in 1998 to 0.140 in 2010. Almost half of the world's population lives in middle-income countries (51%), while in the category of "low development" there is less than one-fifth (18%) of the population. Countries with "high" and "very high" human development account for less than one third of the world's total population (30%). Of the 188 countries in the world, Greece is at 29 with very high human development, at 49th place, with very high human development is Montenegro, 59th is Bulgaria with high human development, 66th place is reserved for Serbia with high human development, followed by Macedonia on 81st place, Albania and Bosnia and Herzegovina are ranked 85th with high human development. In addition to this discussion, a graph has been prepared with an

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overview of the human development index in the Balkan countries in the period from 2008 to 2015.

Chart 1 Overview of the human development index in the Balkan countries in the period from 2008 to 2015



Source: The data are downloaded from the official website of UNDP

The graph shows the comparative analysis of the HDI made in order to compare Republic of Macedonia with the countries of the Balkans. As of 2008, compared to other countries, the highest level of HDI belongs to Greece with a value of 0.858. Immediately after Greece, there are Montenegro and Bulgaria, and Bosnia with a slightly lower level of HDI, while Macedonia and Albania lag behind with the index of 0.7. From 2005 until 2008, Macedonia has a significant increase in the level of HDI, but compared to other countries, the degree hesitant is low and this is a consequence of the great poverty and unemployment in the state, which was 32.2% according to the State Statistical office of Republic of Macedonia. In 2008, the age limit in Macedonia was 75.5 years. The expected years of education were 12.9 years, while the gross national income per capita was 12.405 Macedonian denars. In 2009, Macedonia ranked 72nd in 182 countries in the ranking of countries according

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to the Human Development Index. For 2008, the Republic of Macedonia, as the country with the lowest degree of HDI in relation to Greece as a country with the highest level of HDI, a difference can be determined of 0.158 between the values of the two indices.

In 2010, there are not many fluctuations concerning the comparison analysis. Greece is again in the first place, while the level of HDI in Macedonia rose from 0.7 to 0.73. Immediately after Greece, comes Montenegro again with value of 0.784, Bulgaria with 0.773, Serbia with 0.757, Bosnia 0.726, Macedonia with a value of 0.733 and finally Albania follows with value of 0.708. In 2010, in contrast to 2008, the difference between Greece as a country with the highest degree of HDI and Macedonia is decreased by 0.123. In the next 4 years, the sequence of states has not changed. Regarding the last year of comparative analysis we can conclude that the Republic of Macedonia over the observational period from 2008 until 2014 from the last position rose to fifth according to the values for HDI of seven Balkan countries considered in this study.

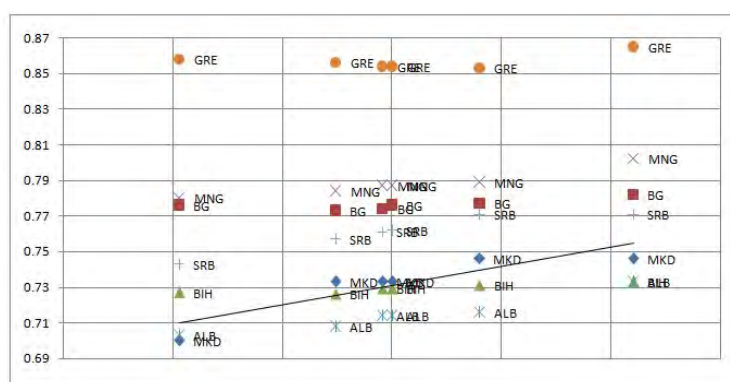
Table no.5 Table of comparisons of the index of human development of the Balkan countries in the period from 2008 to 2015

2008	2010	2011	2012	2013	2014
1)Greece	1) Greece	1) Greece	1) Greece	1) Greece	1) Greece
2) Montenegro	2) Montenegro	2) Montenegro	2) Montenegro	2) Montenegro	2) Montenegro
3) Bulgaria	3) Bulgaria	3) Bulgaria	3) Bulgaria	3) Bulgaria	3) Bulgaria
4) Serbia	4) Serbia	4) Serbia	4) Serbia	4) Serbia	4) Serbia
5) Bosnia and Herzegovina	5) Bosnia and Herzegovina	5) Bosnia and Herzegovina	5) Bosnia and Herzegovina	5) Macedonia	5) Macedonia
6) Albania	6) Macedonia	6) Macedonia	6) Macedonia	6) Bosnia and Herzegovina	6) Bosnia and Herzegovina

ECONOMY & FINANCE

7) Macedonia	7) Albania	7) Albania	7) Albania	7) Albania	7) Albania

Chart 2 Average value of the Human Development Index of the Balkan countries



From the graph above we can see which of the Balkan countries are located below and which are above the line of the HDI average for the period 2008-2014. Greece, Serbia, Montenegro and Bulgaria are countries that have a high average HDI (concerning the Balkan countries) and are above the line. Only Albania has a low average value over the years and is constantly below the average value of the Human Resource Index of the Balkan countries. Only two countries change between the line, Macedonia and Bosnia and Herzegovina. Macedonia in 2008 and 2009 year climbs above the line of the average and again varies under it. Bosnia and Herzegovina of a higher average value comes below the line of the average in 2014.

Studies show that countries in transition have a higher degree of human development than developing countries. This is because the social system devotes considerable attention to some components of human development (education, health care, greater economic

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security), and these countries inherited much of the infrastructure of the socialist system. In the last decade, many countries have seen remarkable economic growth, and on the basis of the achieved level of economic growth per capita are entering the middle group of countries according to national income. However, in many countries, there is a deepening of the gap between the rich and the poor. Such deepening is the result of unequal distribution of income, as an important component in achieving a higher level of human development. The basis of the concept of human development is the creation of equal opportunities (healthy and clean water, equal opportunities for quality health care and gaining an adequate level of education, opportunities for earning income - decent living standard) of all groups of society, rich and poor.

The Human Development Index (HDI) as an aggregate index, which measures the average level of human development at the level of an entire society, is unable to identify the differences in the opportunities that occur among different groups within the society itself, from an aspect access to education, health care and a decent standard of living. Within the United Nations Development Program (UNDP), one step forward was made to overcome this problem by analyzing 13 low and middle-income countries and two high-income countries, representing different HDI values, or different levels of human development between the rich and the poor within the countries themselves. In essence, the analysis reflects the length of life, the degree of educated and living standard between the rich and the poor. The results show that there is great inequality in the achieved level of human development, especially for developing countries. This inequality in the level of human development does not arise solely from the inequality in the distribution of the doctrines (the living standard), but also as a result of the inequality in the expected duration of life and the level of education¹.

¹Lewis, A., (1963): Is economic growth desirable?, in: The Theory of Economic Growth, Allen and Unwin, p.430.

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CONCLUSION

From this analysis we can conclude that the approach to human development is a paradigm-oriented action, developed within the UN and supported by other national and international actors for development, which requires practical changes. It is a holistic, interdisciplinary and integrated approach that strives to found the virtuoso circulation between the six dimensions of human development. The Paradigm for Human Development defines poverty as a human poverty, a multidimensional state defined as denial of choices and opportunities to lead a tolerant life - including the attachments and the lack of material welfare needs (such as income, education, health, food safety) as well as denial of opportunities for enjoying dignity, independence, respect and other fundamental rights. The HDI approach recognizes that there is no automatic link between economic growth and human development. This link must be created by creating policies from all stakeholders, including the state. The human development index is calculated on the basis of three components, the length of life, attained education and the standard of living. When calculating the HDI is taken into account health, education, income, inequality, gender, poverty, work, human security, trade and financial flows, mobility and communication, environmental sustainability and demography.

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APPLICATION CAPACITY OF TIME SERIES MODELS FOR FINANCIAL FORECASTING

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Zoran Narasanov

Abstract

Contemporary business has to deal with uncertainty and operations in terms of complex and dynamic changes of business environment. Companies and public stakeholders use planning function in order to organize their work and provide necessary assets for the future periods. One of the most important parts of planning function is financial planning, as a continuous process of directing and allocating financial resources to meet strategic goals and objectives. In this paper we provide analysis of application capacity as well as accuracy of time series models for financial forecasting. In this paper we are testing the use and the application capacity of the time series analysis and its forecasting ability to predict future company sales. We find that contemporary and advanced statistical methods provide accurate forecasting of company sales and successful dealing with seasonality patterns.

Keywords: trend, regression, seasonality, forecasting, moving averages.

JEL Classification: G1, G11, G12

INTRODUCTION

Crucial task for companies is to deal with uncertainty and run their operations in terms of uncertainty and permanent changes of business environment. In order to deal with uncertainty companies use planning function to be prepared for future challenges. One of the key aspects of planning is financial planning. It has a task to determine company future finance needs, to forecast the amount of financial assets that will be necessary for company to run its operations in following year. We can define financial planning, as a

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continuous process of directing and allocating financial resources to meet companies' strategic goals and objectives. Financial planning usually starts with planning company's sales (revenues) that will be realized in next period.

In every business forecasting future revenues depends on capability to make prediction of future revenues, based on the available statistics' data. When companies have relevant and accurate forecasts of sales' trends, they can provide reliable input for their financial planning. In order to do that it is important to use quantitative methods and statistics tools that can help to deal with past data where seasonality, irregularity and sometimes random variables appears.

There are many comprehensive theoretical studies in finance and statistic literature that suggest the necessity to use quantitative models and techniques for data analysis. In this paper we are focusing on a time series analysis.

A time series is a collection of observations made sequentially in time. Time series analysis refers to problems in which observations are collected at regular time intervals with evidences for correlations among successive observations. Time series models applications are used in almost all areas of statistics. It is very important tool for macroeconomic analysis, like monthly data for balance of payments, level of public debt, unemployment, as well data coming from financial markets like daily exchange rate, a share prices, etc.

Time series analysis include autoregressive and moving average processes and have strong effects in determination of seasonality, irregularity and their "cleaning", that enable accurate forecasting. Time series enables decomposition of data into four elements: Trend (Tt) — long term movements in the mean; Seasonal effects (It) — cyclical fluctuations related to the calendar; Cycles (Ct) — other cyclical fluctuations (such as a business cycles); Residuals (Et) — other random or systematic fluctuations. On that way it is possible to create separate models for these four elements and then combine them, either additively:

$$X_t = T_t + I_t + C_t + E_t \quad (1)$$

or multiplicatively

$$X_t = T_t \cdot I_t \cdot C_t \cdot E_t \quad (2)$$

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In this paper we are focused on time series use for financial planning, where accurate forecast of company future sales revenues is required.

The remainder of this paper is structured into three sections. In Section 1, we present a theoretical review and methodology. Section 2 presents research findings from a time series analysis using moving average model and last section summarizes the main conclusions.

1. LITERATURE REVIEW AND METHODOLOGY

Time series modeling is widely used among academics and business analysts for forecast. By using of time series modeling we are able to analyze past observations in order to develop an appropriate model for the specific data series and to use this as a model for forecasting future values for the series.

A time series is a set of observations on the values that a variable takes at different times, collected at regular time intervals (monthly, weekly, quarterly or annually).

Time series models are used for the modelling and prediction of data collected sequentially in time in order to provide specific techniques for handling data (Brockwell and Davis, 2013) and Diggle (1990).

Depending on the frequency of the data analysts can determine different patterns in the data set and such patterns in a time series sometimes can be classified into trend, seasonal, cyclical and random components. We can define trend as a long term relatively smooth pattern that usually persist for more than one year. Seasonal is a pattern that appears in a regular interval wherein the frequency of occurrence is within a year or even shorter, as it can be monthly arrival of tourist to a country. Cyclical means the repeated pattern that appears in a time-series but beyond a frequency of one year. It is a wavelike pattern about a long-term trend that is apparent over a number of years. Cycles are rarely regular and appear in combination with other components (eg. business cycles that record periods of economic recession and inflation, cycles in the monetary and financial sectors, etc.). Random is the component of a time-series that is obtained after these three patterns have been

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“extracted” out of the series. When we plot the residual series we can indicate a random pattern around a mean value.

Time series modeling is a dynamic research area which has become popular not only in academic circles but also widely used by business sector over last few decades. The main aim of time series modeling is to carefully collect and rigorously study the past observations of a time series to develop an appropriate model which describes the inherent structure of the series. This model then can be used to generate future values for the series, i.e. to make forecasts as Adhikari and Agrawal argue in their paper (2013). Idea for univariate time series modeling based on situations where an appropriate economic theory to the relationship between series may not be available and hence we consider only the statistical relationship of the given series with its past values.

We use in our research $MA(q)$ processes to linear processes and time series analysis of quarterly data for new car sales using actual past data for four years period (2012-2015) in order to provide extrapolation of future revenues in next year. In contrast to modeling in terms of mathematical equation, the moving average merely smooths the fluctuations in the data. A moving average model works well when the data have a fairly linear trend and a definite rhythmic pattern of fluctuations.

2. RESEARCH FINDINGS

Our analysis use quarterly data for new car sales for the four years period from 2012-2015 that have been sold in the cars' importer company. Company accounting office regularly provides monthly data for revenues from new car sales. We summarize available monthly data and calculate quarterly data for actual company revenues in four years period (2012-2015) as presented on the next Table:

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Table 1.Quarterly data for new car sales
2012-2015

Year	Quarter	Sales
2012	Q ₁	4,8
	Q ₂	4,1
	Q ₃	6
	Q ₄	6,5
2013	Q ₁	5,8
	Q ₂	5,2
	Q ₃	6,8
	Q ₄	7,4
2014	Q ₁	6
	Q ₂	5,6
	Q ₃	7,5
	Q ₄	7,8
2015	Q ₁	6,3
	Q ₂	5,9
	Q ₃	8
	Q ₄	8,4

Source: KIA Motors Accounting office

The goal of our research is to understand how sales moves through time and to be able to project (extrapolate) sales in the future- year 2016.

In fact, the task of our research is to use a time series models for extrapolation company revenues from new car sales, quarterly for year 2016. Forecasting company revenues enables appropriate finance planning in company, because company can calculate internal generating funds before making decision for external debt financing.

In order to visualize data series we plot them and create line chart with markers:

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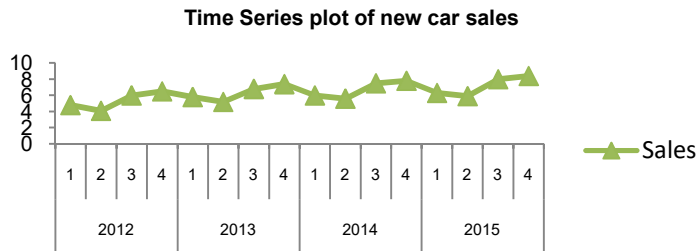


Figure 1. Time Series of new cars sales' revenues 2012-2015

The best way to start analysis usually is through charts where it is easier to visualize movement and behavior of actual numbers. We can see from the chart that there is “pattern” that commonly repeats itself almost every year. We can see “up” and “down” movements in every period (years), in fact cycles repeats itself every year and this is clear example of seasonality, but we can conclude that the overall direction of this plot is increasing, and we can identified a trend component of actual data.

In the seasonal components of the actual numbers of the new car sales we can see trend but we need to check “irregularity” of actual data. Irregularity actually means that quarter to quarter variations of number of new car sales that exist does not follow any pattern, or it has “random aspect”. So we have to deal with variability of time series data, with the movement of variables that do not have predictable pattern in real world. In order to do this we need to analyze all three data components: trend, seasonality and irregularity. When we use time series analysis, the crucial point is to “smooth out” our data and for that we will use moving averages above four periods MA(4). It is required to use MA(4) because we have identified cycles with four periods (quarters).

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Moving averages calculation MA(4) are presented in final right column on the following Table 2:

Table 2 Moving averages calculation MA(4)

T	Year	Quarter	Sales	MA (4)
1	2012	Q ₁	4,8	
2		Q ₂	4,1	
3		Q ₃	6	5,4
4		Q ₄	6,5	5,6
5	2013	Q ₁	5,8	5,9
6		Q ₂	5,2	6,1
7		Q ₃	6,8	6,3
8		Q ₄	7,4	6,4
9	2014	Q ₁	6	6,5
10		Q ₂	5,6	6,6
11		Q ₃	7,5	6,7
12		Q ₄	7,8	6,8
13	2015	Q ₁	6,3	6,9
14		Q ₂	5,9	7,0
15		Q ₃	8	7,2
16		Q ₄	8,4	

Source: Authors' Calculations

Moving averages model requires next step of our time series data analysis to be centered moving averages calculation CMA(4). Results are presented and added to previous data in last right column, as shown on Table 3:

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Table 3 Centered moving averages calculation CMA(4)

t	Year	Quarter	Sales	MA (4)	CMA (4)
1	2012	Q ₁	4,8		
2		Q ₂	4,1		
3		Q ₃	6	5,4	5,5
4		Q ₄	6,5	5,6	5,7
5	2013	Q ₁	5,8	5,9	6,0
6		Q ₂	5,2	6,1	6,2
7		Q ₃	6,8	6,3	6,3
8		Q ₄	7,4	6,4	6,4
9	2014	Q ₁	6	6,5	6,5
10		Q ₂	5,6	6,6	6,7
11		Q ₃	7,5	6,7	6,8
12		Q ₄	7,8	6,8	6,8
13	2015	Q ₁	6,3	6,9	6,9
14		Q ₂	5,9	7,0	7,1
15		Q ₃	8	7,2	
16		Q ₄	8,4		

Source: Authors' Calculations

On that way we “smooth” the time series data and we “clean” the data from the seasonality and irregularity. Now we can plot the CMA(4) data on the chart:

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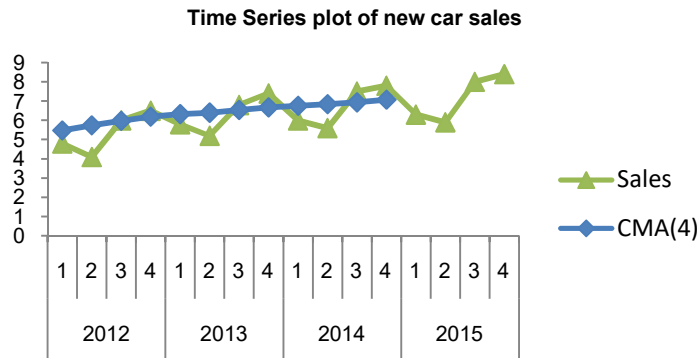


Figure 2. Time Series of new car sales revenues 2012-2015

CMA(4) line is plotted on the chart with blue color. This line in fact extract seasonal and irregular components and now we can clearly see the difference between original data and CMA(4) data.

We can now create new column S_t, I_t for seasonal and irregular components. This is necessary in order to “follow the model” requirements, as shown at following equation:

$$Y_t = S_t \times I_t \times T_t(7)$$

Table 4. S_t, I_t calculation

t	Year	Quarter	Sales	MA (4)	CMA (4)	S_t, I_t
1	2012	Q ₁	4,8			
2		Q ₂	4,1			
3		Q ₃	6	5,4	5,5	1,10
4		Q ₄	6,5	5,6	5,7	1,13
5	2013	Q ₁	5,8	5,9	6,0	0,97
6		Q ₂	5,2	6,1	6,2	0,84
7		Q ₃	6,8	6,3	6,3	1,08

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8		Q ₄	7,4	6,4	6,4	1,16
9	2014	Q ₁	6	6,5	6,5	0,92
10		Q ₂	5,6	6,6	6,7	0,84
11		Q ₃	7,5	6,7	6,8	1,11
12		Q ₄	7,8	6,8	6,8	1,14
13	2015	Q ₁	6,3	6,9	6,9	0,91
14		Q ₂	5,9	7,0	7,1	0,83
15		Q ₃	8	7,2		
16		Q ₄	8,4			

Source: Authors' Calculations

S_t, I_t was calculated by dividing actual number of car sales' revenues (Y_t) with CMA(4) data. On that way we have got coefficients that explains how much seasonal and irregular components are above or below "smooth" line of CMA(4).

Model requires to proceed with quantification of seasonal component S_t , by calculation of average of each seasonal irregular components (indexes) for each quarter in order to avoid irregularity, as shown on the Table 5 shown below:

Table 5. Seasonal component S_t

Quarter	S_t
1	0,93
2	0,84
3	1,09
4	1,14

Source: Authors' Calculations

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We add calculated data for S_t in Table 6 for entire length of our time series data:

Table 6. Time series analysis with S_t

t	Year	Quarter	Sales	MA (4)	CMA (4)	S_t, I_t	S_t
1	2012	Q ₁	4,8				0,93
2		Q ₂	4,1				0,84
3		Q ₃	6	5,4	5,5	1,10	1,09
4		Q ₄	6,5	5,6	5,7	1,13	1,14
5	2013	Q ₁	5,8	5,9	6,0	0,97	0,93
6		Q ₂	5,2	6,1	6,2	0,84	0,84
7		Q ₃	6,8	6,3	6,3	1,08	1,09
8		Q ₄	7,4	6,4	6,4	1,16	1,14
9	2014	Q ₁	6	6,5	6,5	0,92	0,93
10		Q ₂	5,6	6,6	6,7	0,84	0,84
11		Q ₃	7,5	6,7	6,8	1,11	1,09
12		Q ₄	7,8	6,8	6,8	1,14	1,14
13	2015	Q ₁	6,3	6,9	6,9	0,91	0,93
14		Q ₂	5,9	7,0	7,1	0,83	0,84
15		Q ₃	8	7,2			1,09
16		Q ₄	8,4				1,14
17	2016	Q ₁					0,93
18		Q ₂					0,84
19		Q ₃					1,09
20		Q ₄					1,14

Source: Authors' Calculations

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The next phase of the model is to “clean” the data from seasonal component by dividing Y_t/S_t . Calculated values are presented in last column of the Table 7:

Table 7. Desseasonalized data

T	Year	Quarter	Sales	MA (4)	CMA (4)	S_t, I_t	S_t	Desseasonalized
1	2012	Q ₁	4,8				0,93	5,15
2		Q ₂	4,1				0,84	4,89
3		Q ₃	6	5,4	5,5	1,10	1,09	5,49
4		Q ₄	6,5	5,6	5,7	1,13	1,14	5,69
5	2013	Q ₁	5,8	5,9	6,0	0,97	0,93	6,22
6		Q ₂	5,2	6,1	6,2	0,84	0,84	6,21
7		Q ₃	6,8	6,3	6,3	1,08	1,09	6,22
8		Q ₄	7,4	6,4	6,4	1,16	1,14	6,47
9	2014	Q ₁	6	6,5	6,5	0,92	0,93	6,44
10		Q ₂	5,6	6,6	6,7	0,84	0,84	6,68
11		Q ₃	7,5	6,7	6,8	1,11	1,10	6,86
12		Q ₄	7,8	6,8	6,8	1,14	1,11	6,82
13	2015	Q ₁	6,3	6,9	6,9	0,91	0,93	6,76
14		Q ₂	5,9	7,0	7,1	0,83	0,84	7,04
15		Q ₃	8	7,2			1,09	7,32
16		Q ₄	8,4				1,14	7,35
17	2016	Q ₁					0,93	217.400
18		Q ₂					0,84	211.283
19		Q ₃					1,09	212.895
20		Q ₄					1,14	222.393

Source: Authors' Calculations

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Forecast of the future car sales revenues requires to add next column named T_t – “Trend component in time t ” (t - referred to the first column). We run simple linear regression using the deseasonalized variables as Y and t variable as X in our regression model where Anova software is used. Summary output of our regression analysis is presented below:

Table 8.Regression analysis

SUMMARY OUTPUT					
<i>Regression Statistics</i>					
	0,95957				
Multiple R	9				
	0,92079				
R Square	1				
Adjusted R	0,91513				
Square	3				
Standard	0,21267				
Error	1				
Observations	16				

	<i>df</i>	<i>SS</i>	<i>MS</i>	<i>F</i>	<i>Significance F</i>
Regression	1	7,3609326	7,360933	162,7479	4,25E-09
Residual	14	0,6332068	0,045229		
Total	15	7,9941394			

	<i>Coefficients</i>	<i>Standard Error</i>	<i>t Stat</i>	<i>P-value</i>	<i>Lower 95%</i>	<i>Upper 95%</i>
Intercept	5,09961	0,1115257	45,72586	1,21E-16	4,860411	5,338809
t	0,14713	0,0115337	12,75727	4,25E-09	0,122401	0,171876

Source: Authors' Calculations

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We use regression results to create column T_t as trend component, as shown on next Table 9:

Table 9. Trend Component calculation

t	Year	Quarter	Sales	MA (4)	CMA (4)	$S_{t,l}$	S_t	Deseasonalized	T_t
1	2012	Q ₁	4,8				0,93	5,15	5,25
2		Q ₂	4,1				0,84	4,89	5,39
3		Q ₃	6	5,4	5,5	1,10	1,09	5,49	5,54
4		Q ₄	6,5	5,6	5,7	1,13	1,14	5,69	5,69
5	2013	Q ₁	5,8	5,9	6,0	0,97	0,93	6,22	5,84
6		Q ₂	5,2	6,1	6,2	0,84	0,84	6,21	5,98
7		Q ₃	6,8	6,3	6,3	1,08	1,09	6,22	6,13
8		Q ₄	7,4	6,4	6,4	1,16	1,14	6,47	6,28
9	2014	Q ₁	6	6,5	6,5	0,92	0,93	6,44	6,42
10		Q ₂	5,6	6,6	6,7	0,84	0,84	6,68	6,57
11		Q ₃	7,5	6,7	6,8	1,11	1,09	6,86	6,72
12		Q ₄	7,8	6,8	6,8	1,14	1,14	6,82	6,87
13	2015	Q ₁	6,3	6,9	6,9	0,94	0,93	6,76	7,01
14		Q ₂	5,9	7,0	7,1	0,83	0,84	7,04	7,16
15		Q ₃	8	7,2			1,09	7,32	7,31
16		Q ₄	8,4				1,14	7,35	7,45
17	2016	Q ₁				0,93	0,93	217.400	7,60
18		Q ₂				0,84	0,84	211.283	7,75
19		Q ₃				1,09	1,09	212.895	7,90
20		Q ₄				1,14	1,14	222.393	8,04

Source: Authors' Calculations

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For the forecast we need to combine all previously components that were calculated separately S_t and T_t . We present results in the column “prediction”, calculated as multiplied seasonal and trend components.

Finally we proceed with forecasting by adding new periods (four quarters for 2016 in our next Table 10 and calculate forecasted values:

Table 10.Forecasting

t	Year	Quarter	Sales	MA (4)	CMA (4)	S_t, I_t	S_t	Desseasonalized	T_t	Forecast
1	2012	Q ₁	4,8				0,93	5,15	5,25	4,89
2		Q ₂	4,1				0,84	4,89	5,39	4,52
3		Q ₃	6	5,4	5,5	1,10	1,09	5,49	5,54	6,06
4		Q ₄	6,5	5,6	5,7	1,13	1,14	5,69	5,69	6,50
5	2013	Q ₁	5,8	5,9	6,0	0,97	0,93	6,22	5,84	5,44
6		Q ₂	5,2	6,1	6,2	0,84	0,84	6,21	5,98	5,01
7		Q ₃	6,8	6,3	6,3	1,08	1,09	6,22	6,13	6,70
8		Q ₄	7,4	6,4	6,4	1,16	1,14	6,47	6,28	7,18
9	2014	Q ₁	6	6,5	6,5	0,92	0,93	6,44	6,42	5,99
10		Q ₂	5,6	6,6	6,7	0,84	0,84	6,68	6,57	5,50
11		Q ₃	7,5	6,7	6,8	1,11	1,09	6,86	6,72	7,35
12		Q ₄	7,8	6,8	6,8	1,14	1,14	6,82	6,87	7,85
13	2015	Q ₁	6,3	6,9	6,9	0,91	0,93	6,76	7,01	6,54
14		Q ₂	5,9	7,0	7,1	0,83	0,84	7,04	7,16	6,00
15		Q ₃	8	7,2			1,09	7,32	7,31	7,99
16		Q ₄	8,4				1,14	7,35	7,45	8,52
17	2016	Q ₁					0,93	217,400	7,60	7,09
18		Q ₂					0,84	211,283	7,75	6,49

ECONOMY & FINANCE

19	Q ₃	1,09	212.895	7,90	8,63
20	Q ₄	1,14	222.393	8,04	9,19
Source: Authors' Calculations					

Now we can plot forecasting series on the chart in order to visualize accuracy of the forecasting, as follows:

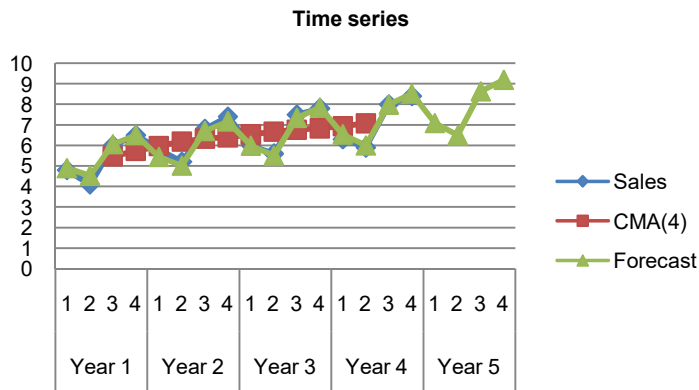


Figure 3. Time series of revenues from the future new cars' sales - forecasts

We can conclude from the chart that our forecasting line (green) is really well forecasted. This plot with 3 lines shows that actual data and predicted data for year 2016 are accurately approximated.

The forecasting values are "in line" with movement and behavior of actual values. This finding confirms our research hypothesis that moving average model for the time series data provide accurate forecasting for the new cars' sales in next year.

CONCLUSION

Many businessmen claimed that it is difficult to deal with uncertainty and even impossible to predict future company revenues. Contemporary economic and finance studies offers different solutions for accurate forecasting, thorough the use of

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quantitative methods and statistics tools that can help to deal with past data where seasonality, irregularity and sometimes random variables appears.

In this paper we show that the time series modeling and forecasting has fundamental importance for predicting the future by understanding the past. In every business forecasting future revenues depends on capability to predict company sales. In fact for financial planning it is crucial to have reliable input that can lead financial manager to determination how much financial assets company can generate in the future. By using pro-forma financial statements and with accurate forecast of company self-generating financial funds it is easy to determine if company will require additional financial assets through borrowing.

We can conclude that the use of quantitative models and techniques become necessity for every business. In this paper we put emphasizes on a time series analysis, by analyzing a collection of observations made sequentially in time. Time series analysis enables to solve the problems from observations collected at regular time intervals where correlations among successive observations exist.

Research finding confirms our research hypothesis that moving average model for the time series data provide accurate forecasting for the new cars' sales in next year.

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EFFICIENT OR NONLINEAR BEHAVIOR OF MACEDONIAN STOCK MARKET

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Abstract

Studying economic and financial phenomena, it is essential to specify the model correctly. If the true dynamics are nonlinear, using linear methods will probably be irrelevant in doing empirical analysis. This paper addresses efficiency of the Macedonian Stock Market by emphasizing the random walk behavior and nonlinearity. Both the standard linear approach and the more sophisticated nonlinearity tests are performed on daily stock returns spanning from January 4th 2005 to April 5th 2018. Using the nonlinearity tests, as well as the typical linear independence tests, the EMH was strongly rejected for the Macedonian Stock Market. The study findings suggest using nonlinear paradigms instead of the simple linear methods to model financial relations.

Keywords: Market Efficiency, Non-linear models, Macedonian Stock Market.

JEL classification: G15,C32,G14

INTRODUCTION

The issue of stock market efficiency has been of interest by quite a number of researchers globally. The very first ideas and findings in the stock market efficiency date back to the 19th century. Those ideas were later gradually developed and gained popularity until they reached a peak in the eighties. The wide research of stock market efficiency has been driven by multiple reasons. First of all, a risk-weighted return is expected to be higher in inefficient markets. Therefore, research in the field of stock market efficiency is important for both private and institutional investors. Comprehensive understanding of market efficiency is also crucial for corporate executives whose decisions and actions determine perceived value of companies. The market efficiency may also be used to model the development of the stock market being important for stock market operators and supervisors. Finally, the market

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ECONOMY & FINANCE

efficiency is an underlying assumption in multiple financial models. Even though the academic and professional focus has shifted to the behavioural finance theory, yet it does not eliminate the usefulness of the stock market efficiency. The efficient market hypothesis is closely related to other financial models and assumptions. First of all, absolute or partial rationality of market participants is essential for its efficiency. It is often agreed that not all market participants are rational, resulting in part of trades being not based on a rational analysis. On the other hand, the trades of irrational investors are random, which should not influence the stock price. For instance, if a share price is positively affected by a random purchase, it will adversely be negatively affected by a random sale, because the probability of random purchase and random sale is the same (Shleifer, 2000). In the first half of the 20th century, a number of significant works attempted to demonstrate the randomness of stock prices.

Capital market efficiency has important implications for investors and regulatory authorities. In efficient capital markets, the role of regulatory authorities is limited as securities are accurately priced. There will be no undervalued assets offering higher than expected return, or overvalued assets offering lower than the expected return. All assets will be correctly priced in the market offering optimal reward to risk. Thus, in an efficient market an optimal investment strategy will be to focus on risk and return characteristics of the asset and/or portfolio (Gupta and Basu, 2007).

Many studies have been concerned with market efficiency, yet most of the markets under examination have been developed markets. Developing markets are not with the same characteristics as developed markets. They are characterized by low liquidity, shallow trading, large price fluctuations, uninformed investors with access to unreliable information and significant instability. The aim of this article is to investigate the behavior of the Macedonian Stock market.

The remainder of the paper is organized as follow. After reviewing some of the literature on market efficiency in section 1, section 2 presents the methodology used. Section 3 provides description of data and analyses with the results regarding the

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behaviour of the Macedonian Stock market. The last section offers concluding remarks.

1. LITERATURE REVIEW

The concept of market efficiency is considered central to finance and financial economics and one of the most controversial topics in these fields. In the last three decades, the issue of financial market efficiency has been widely investigated, with more emphasis on developed markets, to answer the question of whether these markets are efficient or not.

Most theoretical discussions and empirical studies of market efficiency are based on the proposition that asset prices follow a random walk behavior, which implies that asset prices cannot be predicted. This framework is known as the Random Walk Hypothesis (RWH) or alternatively the Efficient Market Hypothesis (EMH). In such context, if the hypothesis that the asset's price moves randomly cannot be rejected, then it supports the market efficiency theory.

Empirically, the application of random walk can be traced back as early as 1933 when Cowles (1933) published his article following the forecasting failures of 1929 crash of US stock market. In that study, Cowles analysed forecasting performance of forty-five professional agencies that attempted to predict stock prices and found their performance, on average, is not any better than the performance of pure chance, concluding that stock market forecasters were unable to predict the future movements. In 1965, Fama published his doctoral dissertation, "The Behavior of Stock Market Prices," suggesting that stock prices are unpredictable and follow a random walk and established the basic principles of the EMH and provided this definition for efficient market: "An 'efficient' market is defined as a market where there are large numbers of rational, profit-maximizers actively competing, with each trying to predict future market values of individual securities, and where important current information is almost freely available to all participants. In an efficient market, competition among the many intelligent participants leads to a situation where, at any point in time, actual prices of individual securities already reflect the effects of information based both on events that have already

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occurred and on events which, as of now, the market expects to take place in the future. In other words, in an efficient market at any point in time the actual price of a security will be a good estimate of its intrinsic value.” Since then, the interests have shifted heavily to this literature and voluminous empirical research has been dedicated to investigating the behavior of asset prices. Roberts (1967) coined the term “Efficient Market Hypothesis” and introduced the classical taxonomy of information sets to distinguish between three forms of the market efficiency: weak-form where the information set includes only historical data, semi-strong form in which the information set includes publicly available information, and strong-form where information set includes all information that can be known to any market participant including private information (Campbell, Lo and MacKinlay, 1997).

The early studies on testing weak form efficiency started on the developed market, generally agree with the support of weak-form efficiency of the market considering a low degree of serial correlation and transaction cost (Working, 1934; Osborne, 1962; Fama, 1965). All of the studies support the proposition that price changes are random and past changes were not useful in forecasting future price changes particularly after transaction costs were taken into account. However, there are some studies which found the predictability of stock price changes (for example, Fama and French, 1988; Poterba and Summers, 1988) in developed markets but they did not reach to a conclusion about profitable trading rules. Poterba and Summers (1988) suggest that noise trading, trading by investors whose demand for shares is determined by factors other than their expected returns provides a plausible explanation for the transitory component in stock prices. And they suggest constructing and testing theories of noise trading as well as theories of changing risk factors could account for the characteristics of stock returns auto-correlogram they found. Fama and French (1988) conclude that auto-correlation's may reflect market inefficiency or time-varying equilibrium expected returns generated by rational investor behaviour and neither view suggests, however, the patterns of auto-correlation should be stable for a long sample period. Hudson, Dempsey and Keasey (1994) found that the technical trading rules have predictive power but not sufficient to

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enable excess return in U.K market. Similarly, Nicolaas, (1997) also conclude that past returns have predictive power in Australian market but the degree of predictability of return is not so high. Overall, the empirical studies on developed market shows no profitability from using past records of price series supports the weak-form efficiency of the EMH in general. On the other hand, the research findings of weak-form efficiency on the market of developing and less developed markets are controversial. Most of the less developed market suffer with the problem of thin trading. In addition, in smaller markets, it is easier for large traders to manipulate the market. Though it is generally believed that the emerging markets are less efficient, the empirical evidence does not always support the thought. There are two groups of findings; the first group find weak-form efficiency in developing and less developed markets are Branes, (1986), (on the Kuala Lumpur Stock Exchange); Chan, Gup and Pan, (1992), (in major Asian markets); Dickinson and Muragu, (1994), Parkinson (1987), (on the Nairobi Stock Exchange) and Ojah and Karemera, (1999), (on the four Latin American countries market) despite the problems of thin trading. On the other hand, the latter group, who evidence that the market of developing and less developed markets are not efficient in weak-sense are: Cheung, Wong and Ho, (1993), on the stock market of Korea and Taiwan; in a world bank study by Claessens, Dasgupta and Glen (1995), report significant serial correlation in equity returns from 19 emerging markets and suggest that stock prices in emerging markets violates weak form EMH. Khababa (1998) has examined the behaviour of stock price in the Saudi Financial market seeking evidence that for weak-form efficiency and find that the market is not weak-form efficient. He explained that the inefficiency might be due to delay in operations and high transaction cost, thinness of trading and illiquidity in the market. Poshakwale (1996) find the evidence of non-randomness stock price behaviour and the market inefficiency (not weak-form efficient) on the Johannesburg Stock Exchange and on the Indian market.

In the last decades of the 20th century, many studies on the EMH concluded inefficiency. Grossman and Stiglitz (1980) claimed that markets could not be efficient since the cost of

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information existed. Return on investment must be therefore higher than the cost of information, otherwise the propensity to invest would disappear. Later, the U.S. economist Shiller (2003) opposed the EMH with the concept of excess volatility. He concluded that the actual volatility of stock prices had been higher than that calculated on the basis of fundamental information. De Bondt and Thaler (1985) reconfirmed Shiller's hypothesis of excess volatility. According to them, people tend to overreact to company announcements, the result of which is reflected in stock prices. In addition, De Bondt and Thaler (1985) first noticed that in January stock returns were generally higher than in other months, which could not be explained by fundamental information only. Black (1986) was the first author to define "noise traders". Unlike some authors presented above, Black claimed that noise traders could make a considerable influence on market prices. EMH was rejected by Lehmann (1990) and Jegadeesh (1990). Fama (1991) claimed that it was not obvious whether returns seemed predictable due to market inefficiency or whether this was driven by misleading assumptions in asset pricing models. Even though the opposition to the EMH became stronger, a number of studies still proved the validity of the EMH. Fama (1998) argued that an overreaction in stock markets was as common as underestimation which therefore did not lead to inefficiency. Criticism reduced the popularity of the EMH, but the idea of market efficiency remained relevant in modern finance.

The significance of the EMH in the modern financial theory remains a subject of discussion. Shiller (2013) called the EMH "half-true". The EMH perfectly describes trading conditions in the modern stock market, because the information flow and trade execution are faster than ever. On the other hand, there are certain patterns in stock prices, which the EMH fails to explain.

The traditional argument for the weak-form efficiency is return independence which is usually measured by correlation. Brealey, Myers and Allen (2011) analysed a set of blue-chip companies where the correlation coefficient of return on two consecutive days ranged from -0.03 to 0.03. This led to the conclusion that stock return today will not influence the stock return tomorrow. One could argue that a one-day period is too short to spot the potential

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dependencies. On the other hand, Brealey, Myers and Allen, (2006) showed that the results remained nonetheless unchanged when analysing weekly returns. Serial correlation tests had repeatedly validated the EMH when analysing returns of individual companies as well as equity indices (Parks and Zivot, 2006). Stock market predictability could be tested by applying the trading rules of technical analysis, but these rules often fail to yield a constant excess return (Schleifer, 2000). Parks and Zivot (2006) argued that technical analysis would only be profitable if transaction costs did not exist. Technical analysis is not popular among academics but is still widely applied by professionals (Mishkin and Eakins, 2012). For this reason, one could assume that the methods of technical analysis are not applied at their best when used in academic research.

The comparison of the active and passive portfolio management illustrates another point in favour of the EMH. If actively managed portfolios fail to outperform passive portfolios, it is then not profitable to collect market information, and the market is efficient. Brealey, Myers and Allen (2011) outlined the following returns of the U.S. mutual funds: mutual funds earned higher returns than their benchmarks in 16 of the 47 years studied. The aggregate excess profit must have been negative or close to zero, which is in line with market efficiency. Malkiel (2003) estimated that around 70% of the mutual funds from 1991 to 2001 earned lower returns than their benchmarks. After having increased the data sample, Malkiel (2011) found that 66% of the U.S. mutual funds from 1970 to 2010 had lower returns than their benchmarks. Mutual funds with a constant excess return may suffer from data aggregation, but studies show that there are very few funds with a stable outperformance. Malkiel (2011) argued that mutual funds which were profitable in a short term did not remain profitable in a long term. In addition, the best mutual fund managers in one year earned only an average return the next year. Thus, their results were not consistent, which is compatible with market efficiency.

Multiple modern finance phenomena appear to be incompatible with the EMH. First, investing in small-cap companies' yields generally higher returns than investing in large-cap companies. It was Fama and French (1988) who studied this phenomenon as well.

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They concluded that small firm effect did not discredit the EMH but was a result of a misleading assumption in the CAPM. Fama and French (1988) argued that the slope of the market line is greater than it should be in practice. In other words, the risk taken is less dependent on the correlation of company and market return. Conversely, many studies presented this phenomenon as a shortcoming of the EMH. However, the empirical soundness of the small firm effect is no longer as strong as before. Mishkin and Eakins (2012) assumed that this was a result of extensive empirical studies: the modern investor was well aware of this phenomenon and included it in modelling the risk. Close to the above-mentioned phenomenon is the so-called value effect, i. e. value stocks tend to outperform growth stocks. Surprisingly, a higher return was not necessarily due to the higher risk taken (Brealey, Myers Allen, 2011). Vuolteenaho (2002) showed that 75% of the U.S. corporate profits and could be explained by changes in the P/BV ratio. Shleifer (2000) claimed that the P/E and P/BV ratios could be used to predict the future share price, which is a contradiction to the market efficiency. Campbell and Shiller (1998) estimated that the P/E ratio could explain around 40% of the future stock price volatility. The value effect was also recognized by Fama and French (1996), but they interpreted it as a result of additional risk.

In short, review of previous studies state that the developed markets are generally weak-form efficient. But the dynamics of emerging market equities requires clarification. Comparison and a needed additional information on equity price dynamics is an important segment of the world's emerging capital markets. So it is an interesting empirical question whether and to what extent, this is also the case with less developed market stock exchanges.

2. DATA AND METHODOLOGY

The objective of this study is to investigate the efficient market hypothesis in its weak form in the context of the emerging Macedonian Capital Market. Further on the linearity in the behaviour is tested. The considered sample period spans from 4th January 2005 (since MBI10 was introduced) to 2nd April 2018. MBI10 is a price index weighted with the market capitalization.

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The data were obtained from Macedonian Stock Exchange database. It gives a total of 3235 observations and includes both bull and bear phases, high and low volatility and different market conditions. Thin or infrequent trading can introduce serious bias in empirical work. In order to avoid the possible bias a longer time-period is used, which reduces the problem of non-trading bias (Lo and MacKinlay, 1988) and increase the power of random walk test. MBI10 daily closing stock price indices over the sample period are plotted and shown in Fig. 1.

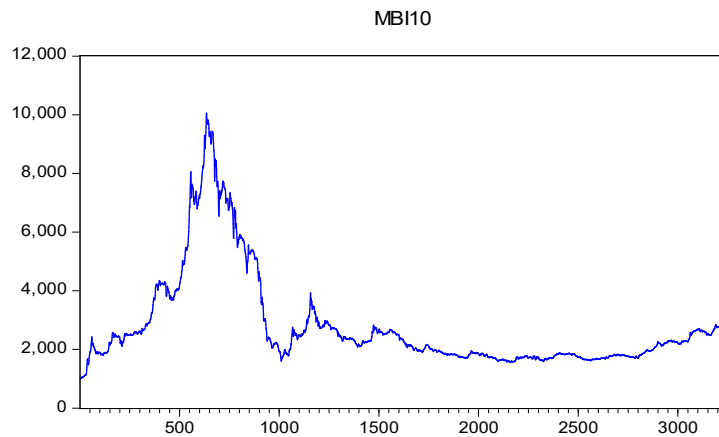


Figure 1. Stock market index movement in the period January 4th 2005 to April 2nd 2018

Source: Macedonian Stock Exchange

The study uses the daily closing stock price indices to calculate daily stock returns as the change in the logarithm of the closing price on successive days by the formula:

$$R_t = \ln(P_t / P_{t-1}) * 100$$

(1)

R_t is the daily stock return at time „t“

P_t and P_{t-1} are the closing value of the MBI10 at time „t“ and „t-1“ respectively.

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The daily stock return data have been plotted to observe the volatility of the Macedonian Stock Market official index (see Fig.2).

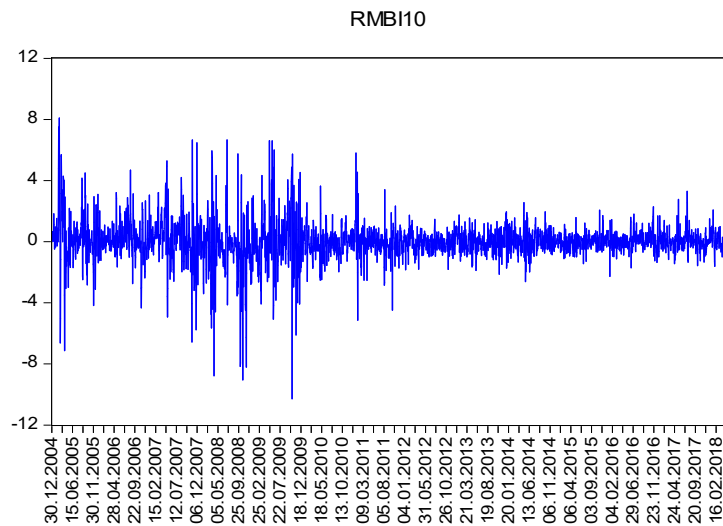


Figure 2. Time Series Plot of Daily Stock Return Data

Source: Macedonian Stock Exchange

Table 1 reports basic descriptive statistics for the time series of stock market returns in the period January 4th 2005 to April 2nd 2018 and can give the characteristics of the stock market behaviour. All stock return series show leptokurtosis and there is evidence of negative (long left tail) skewness. Skewness is a particular feature of returns in emerging markets. Significant kurtosis (much higher than 3) and skewness indicate rejection of normality in stock return distributions.

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Table 1 Descriptive statistics of the MBI10 in the period January 4th 2005 to April 2nd 2018

	#Obs.	Mean	St.dev.	Skewness	Kurtosis
MBI10	3235	0,032	1,267	-0,130	13,30

Source: Macedonian Stock Exchange

To test weak form of market efficiency in this study, basic Random Walk (RW) model is used and null hypothesis to be tested are:

H0: MBI10 follows random –walk model.

H1: MBI10 is not a random walk.

The Random Walk Hypothesis states that stock market prices evolve according to a random walk and thus, the prices of the stock market can't be predicted. The theory of Random Walk in stock prices actually involves two separate hypotheses: First, successive price changes are independent; Second, the price changes confirm to some probability distribution. The Augmented Dickey and Fuller (1979) (ADF) unit root test consists of running a regression of the first difference of the series against the series lagged once, lagged difference terms and optionally, a constant and a time trend. The test requires estimating the following regression:

$$\Delta y_t = \alpha + \beta_t + (\rho - 1)y_{t-1} + \sum_{i=1}^{k-1} \theta_i \Delta y_{t-i} + \alpha_t \quad (2)$$

Δ is first difference;

y_t is financial variables such as stock price;

t is trend variable; and α_t is a white noise term.

The null hypothesis is $\rho=1$ and y_t is said to be unit root if the test statistic failed to reject the null.

Beside ADF test nonparametric Phillip-Perron (PP) test is used.

The acceptance of null hypothesis implies the existence of a unit root, which means the time series under consideration, is non-stationary thereby indicating that the market shows characteristics of random walk and as such is efficient in the weak form. The rejection of null hypothesis implies the non-existence of a unit root

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which means the time series P_t is stationary and do not show characteristics of random walk.

To test for nonlinearity BDS test is used first devised by W.A. Brock, W. Dechert and J. Scheinkman in 1987 (Brock, Dechert and Scheinkman, 1987). BDS test is a powerful tool for detecting serial dependence in time series. It tests the null hypothesis of independent and identically distributed (I.I.D.) against an unspecified alternative. BDS test cannot test chaos directly, but only nonlinearity, provided that any linear dependence has been removed from the data (e.g. using traditional ARIMA-type models or taking a first difference of natural logarithms). Nevertheless, nonlinearity is one of the indications of chaos, we may use BDS test to detect such indication.

BDS test employs the concept of spatial correlation from chaos theory. The computations of BDS test follow the following equation:

$$BDS_{\varepsilon,m} = \frac{\sqrt{N}[C_{\varepsilon,m} - (C_{\varepsilon,1})^m]}{\sqrt{V_{\varepsilon,m}}}$$

(3)

BDS test is a two-tailed test, we should reject the null hypothesis if the BDS test statistic is greater than or less than the critical values (e.g. if $\alpha=0.05$, the critical value = ± 1.96). Data series were analyzed using E-view and the hypothesis was set as follows:

H0: The series are linearly dependent

H1: The series are not linearly dependent

3. EMPIRICAL RESULTS

In the weak form of capital market efficiency, prices of securities at every instant fully reflect all available information of past prices. This means future price movements can't be predicted by using past prices. The study on weak form of capital market efficiency has implications for individual and institutional investors in their investment decisions. ADF unit root test for Macedonian Stock Market has been performed with the hypothesis:

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H0: if $a_0 = 0$ and $a_1 = 0$, then the MBI10 index is a random walk

H1: if $a_0 \neq 0$ and/or $a_1 \neq 0$, then the MBI10 index is not a random walk

The results are reported in Table 2.

Table 2 Linear unit root test results

Null Hypothesis: RMBI10 has a unit root

Exogenous: Constant

Lag Length: 1 (Automatic - based on SIC, maxlag=28)

	t-Statistic	Prob.*
Augmented Dickey-Fuller test statistic	-33.92924	0.0000
Phillips-Perron test statistic	-34.70943	0.0000
Test critical values:		
1% level	-3.432187	
5% level	-2.862237	
10% level	-2.567185	

*MacKinnon (1996) one-sided p-values.

Source: Authors' Calculations

It is clear that, the null hypothesis of unit root (non-stationarity) is rejected, as the value of test statistic is more negative than the critical value. The results indicate that the stock prices in Macedonian Stock Market do not follow random walk and hence, market is not weak-form efficient.

Table 3 presents the test statistic in the BDS test for the returns series. A level of significance (α) of 5% is taken in this hypothesis testing. The hypothesis of the test is as follow: H0: The data are independently and identically distributed (I.I.D.)

H1: The data are not I.I.D.; this implies that the time series is non-linearly dependent if first differences of the natural logarithm have been taken.

Table 3. BDS Test result

BDS Test for RMBI10

Date: 07/26/18 Time: 23:36

Sample: 1 3235

Included observations: 3235

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<u>Dimension</u>	<u>BDS Statistic</u>	<u>Std. Error</u>	<u>z-Statistic</u>	<u>Prob.</u>
2	0.062457	0.002007	31.11329	0.0000
3	0.113534	0.003192	35.56722	0.0000
4	0.145687	0.003805	38.28622	0.0000
5	0.162051	0.003971	40.80588	0.0000
6	0.168192	0.003835	43.85277	0.0000

Source: Authors' Calculations

BDS test results reported in Table 3 show that all test statistics are greater than the critical values significantly. Thus, the null hypothesis of I.D.D should be rejected. The results strongly suggest that the MBI stock series are non-linearly dependent, which is one of the indications of chaotic behavior.

CONCLUSION

Existence of nonlinearity in financial markets is of a great importance for both market practitioners and academic researchers. For instance, if a security follows nonlinear behavior, it may not be profitable for investors to use linearity-based trading strategies. The sample consists of the time series data on MBI10 for the period January 4th 2005 to April 2nd 2018. The application of most popular econometric techniques of ADF unit root test and BDS test provides the evidence that the Macedonian Stock Market is not weak form efficient and follow a nonlinear behaviour. The study findings suggest using nonlinear paradigms instead of the simple linear methods to model financial relations. By doing so, the prediction of future stock prices would probably improve, benefiting both market practitioners and academic researchers.

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IMPACT OF SMALL AND MEDIUM ENTERPRISES ON ECONOMIC DEVELOPMENT AND EMPLOYMENT

Sreten Miladinoski¹
Janika Karapetkova

Abstract

States that are developing national economies always create favorable conditions and available for national economic development, especially in terms of conditions for development of small and medium enterprises and their impact on employment and economic development in the country. The development of SMEs should never be dependent on the state, but they have to be mutually dependent relationship with economic development. SMEs directly affect employment, especially for new products and on and using modern technology, gross domestic product and the like. Small and medium-sized enterprises are important factors for well-being in every national economy. The globalized global market enables the appearance of small and medium-sized enterprises, which with their diversity, diversity, diversification and efficiency become a crucial element for strengthening the national economy and building the development. Therefore, the correlation between small and medium enterprises and the performance of economies, ie the growing importance of small and medium enterprises for economic development, is particularly emphasized. There are numerous research related to the country's development opportunities, the experience and practice of developed market-oriented economies, as well as developing countries, and small and medium-sized enterprises (with their toughness, vitality, inventiveness, adaptability to domestic and foreign market requirements, competitiveness, the provision of new technologies, knowledge, etc.) contribute to creating jobs, increasing production and value added, ie economic development in general. After establishing the importance of small and medium enterprises for economic development, the need for taking measures and activities for defining strategies for supporting their development is emphasized, and the positive experiences from different countries must not be neglected. Forecasts for the intensive development of small and medium-sized enterprises rely on an appropriate environment created by market-oriented economic systems, macroeconomic policy measures, available material resources, skilled labor, and especially their entrepreneurial knowledge and skills, diversified production structure, the production restructuring of large companies, the built infrastructure, the economic relations in countries abroad and the like.

Keywords: Small enterprises, medium enterprises, employment, economic development, national economy.

JEL classification: G1

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INTRODUCTION

The dynamic and variable effects of overall performance are characterized by radical structural changes in the rapid development of technologies, the globalization of companies, rapid competition, and the growth of uncertainty, in some way imposes the need for the development of a dynamic sector, such as small and medium-sized enterprises. In fact, the processes of globalization show an environment that is radically changing, while allowing the world to become a big market where national, regional and local markets are losing traditional significance.

A country with developed national economy creates favorable conditions for local economic growth, in respect of the conditions for the development of MSP, institutions for their support, cooperation of central government with local authorities, providing foreign direct investments, reduced fees for micro and small enterprises, the ranking for export etc. The development of small and medium enterprises do not need to be dependent on the state, which are in mutual dependent relationships with local economic growth. The development of MSP directly affect the economic development, which means employment growth, new products, and using modern technology.

In the eighties of the last century the occurrence of turbulent changes in the working of the economic systems of the individual national economies to the abandonment of the socialist system and lay the foundation of a more stable democratic society(capitalism). The crisis that has engulfed the financial markets followed with high interest rates emerged as the immanent the emergence of small and medium enterprises and their importance for the internal economy, according to their financial structure. Therefore, this period will be remembered for the strong effect of the enterprises and their reconstruction, and the economic science is more indicative of the importance of small and medium enterprises, as promoters of the restructuring of the economic system, which, with its toughness, vitality and inventiveness, are generators of new jobs and mobilizers of all factors of production.

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1. RESEARCH

The macroeconomic policy of the Republic of Macedonia is heading in the direction of implementing the fiscal strategy (2016-2018 year) and it is in function of accomplishment of strategic priorities that identify with the strategic priorities and principles of the European Central Bank, which will provide for a long-lasting and sustainable eco-business, maintenance of macroeconomic and financial stability, increase of competitiveness of the economy, increasing employment and improving the overall living standard of the population. The maintenance of macroeconomic stability and increasing competitiveness of the economy on a permanent basis, increasing the employment, improving the standard of living and quality of life of the population, the macroeconomic policy aims to realize through the improvement of the business environment, conducting tax and customs policy in the function of the support of the development of economic entities, encouraging investment activity and attracting foreign direct investment, development of human capital and economic infrastructure of the country.

The government of the Republic of Macedonia leads the economic policy directed towards the achievement of a reasonable balance between both strategic goals of the Government, that refer to the maintenance of the macroeconomic stability and encouraging economic activity by increasing the quality of public finances before the increase of capital expenditures for improvement of infrastructure and strengthening of capacities of private sector for growth and opening new jobs. This is achieved with the running of fiscal policy which includes reasonable rates of budget deficit and increase the quality of public finances, prior to the increase of capital expenditures for the improvement of the infrastructure, and it is especially important that such a fiscal policy allows for the strengthening of the capacities of the private sector for the growth and opening of new jobs while at the same time take account of the sustainability of sovereign debt and the preservation of the stable exchange rate of the denar. The preservation of the stable exchange rate of the denar as a basic objective of the monetary policy of the Republic of Macedonia is maintaining the stability of prices, in function of the realization of the favorable macroeconomic environment for long-term sustainable economic growth and

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development. Fiscal policy coordination with monetary policy aim at achieving sustainability of the external position of the country and providing a level of inflation that will support the economic activity in the country and will allow for a favorable business environment for small and medium-sized business entities (MSP).

The main priorities of the macroeconomic policy in the country are: reduction of unemployment and improvement of the situation on the labour market, continuous improvement of the business environment, increasing support of export, support of innovation and especially entrepreneurship and MSP together with the advancement of human capital. The economic policy is also focused on the implementation of reforms with the aim to create effective and professional public administration and the strengthening of legal security. It is important to notice that the macroeconomic policy in the country acts in the conditions of the present risks and uncertainty such as from the internal and from the external environment, present constantly in the years of the global crisis and recovery of the global economy, as well as the geopolitical risks, however, strengthened foundations of the Macedonian economy based on structural changes, contributed to maintaining solid economic growth. Consequently, in 2016 the Macedonian economy registered a solid macroeconomic achievements, analyzed in the Annual report of the NBRM for 2016.

According to the Report of the NBRM in the course of 2016, the Macedonian economy grew, during which the rate of real growth amounted to 2.4% which is moderately lower in comparison with the one from 2015. The structure is similar with the one from 2015, construction was the sector with the highest positive contribution, reflecting the activity in the domain of civil engineering works in exercising on the part of the public and ongoing infrastructure projects. Despite the increased negative risks in the external environment, this year also the export sector was the key element in the growth that connects the operation of the new facilities oriented towards export, as well as increased foreign demand. In the course of the year, domestic economic activity was also supported by the favorable movements on the labor market and productivity.

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Chart 2 Basic macroeconomics indicators

	2009	2010	2011	2012	2013	2014	2015
(%)							
Реален сектор							
Реален раст на БДП	-0,4	3,4	2,3	-0,5	2,9	3,6	3,8
Индустрија реална стапка на раст	1,8	6,6	10,2	-6,7	3,7	20,1	1,4
Инфлација (просек на трошоци за живеење)	-0,8	1,6	3,9	3,3	2,8	-0,3	-0,3
Стапка на вработеност (просек)	38,4	38,7	38,9	39,00	40,6	41,2	42,1
Стапка на невработеност (според дефиниција на ИЛО)	32,2	32,0	31,4	31,0	29,0	28,0	26,1
Трговско салдо (% од БДП)	-25,1	-22,5	-24,4	-25,7	-21,4	-20,5	-19
Јавен долг (% од БДП)	26,2	27,2	32,0	38,3	40,5	45,9	46,5
Надворешен сектор Тековни цени во УСА долари							
Бруто домашен производ (мил) номинална	9 423	9 426	10 549	9 929	10 859	11 319	10 059
Бруто домашен производ по жител	4 595	4 586	5 101	4 737	5 228	5 526	4 757
Извоз (милиони)	2 709	3 351	4 478	4 015	4 298	4 964	4 489
Увоз (милиони)	5 043	5 474	7 027	6 522	6 619	7 301	6 400
Трговски биланс (милиони)	-2 364	-2 123	-2 548	-2 507	-2 320	-2 337	-1 910
Странски директни инвестиции (милиони)	201	212	478	143	335	347	217
Работна сила							
Број на невработени	298873	300439	294963	292502	277219	268809	248933
Број на вработени	629901	637855	645855	650554	678838	690188	705991

According to the data in the table, it can be concluded that the Macedonian economy has kept the solid growth despite the present risks and uncertainty which is facing. In 2015 BDP increased to 3.8%, 0.2% higher than that in the year of 2014. The growth is due to the contribution of new companies with foreign capital on the side of exports, the major infrastructure projects of the public sector and the further decline of the unemployment rate with positive effects on personal consumption. Year 2015 observed growth in most economic sectors. Thus, the largest contribution to the annual growth were construction, trade, transport and hospitality, which is mostly in accordance with the short-term indicators for movement in these sectors. Favorable movements were registered in the industrial sector, where observed moderate growth in value is added. In 2015, decline of the added value marked by agriculture, public administration and defense, and the sector "arts, entertainment, and recreation".

As already previously stated the development and growth of small and medium enterprises have a key role in the development

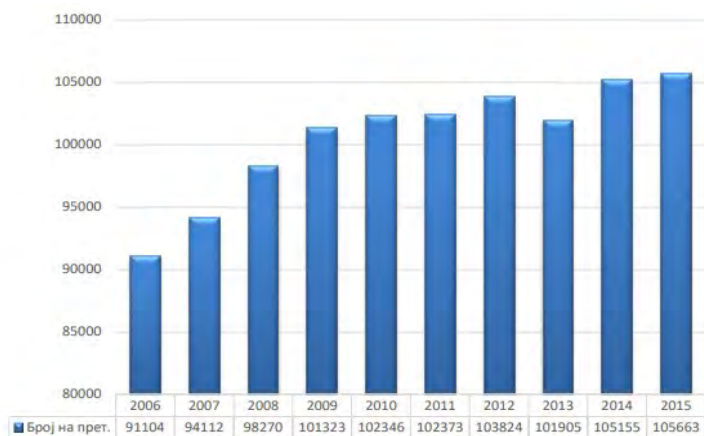
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of the whole economy, before the contribution in the distribution of income, the creation of new work places, which means the reduction of unemployment and increased employment, innovation and increase of production, as well as the growth of exports.

In the macroeconomic policy of the Republic of Macedonia is provided that small medium enterprises are a significant factor for the increase of production and reduction of unemployment. Through vitality, intensity, adaptation of the requirements of the market (domestic and foreign), as well as the new technologies that provide, contribute to the creation of new jobs, growth of production and better economic development of the Republic of Macedonia.

Most of the business entities in the Republic of Macedonia are part of the category of small enterprises. 99% of the total number of active enterprises, which means that they play a large, crucial role in the economic health of the state. Small enterprises represent an important segment in the total national economic activity. From the table we can conclude that in 2015 the number of registered entities amounted to 105 663 in which we have a slight increase in relation to 2014 where they were registered 105 155 enterprises.

Graph 3



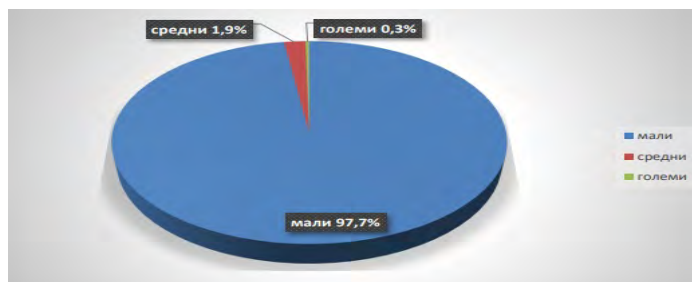
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Of the total number of enterprises, most numerous are enterprises that deal with wholesale and retail trade, 23 843 enterprises, or 34%. Although it is a significant smaller number of enterprises, the processing industry, count 7639 active enterprises or 10.9%, while in the third place the sector for Professional, scientific and technical activities with 6261 active enterprises or 8.92% of the total number of active enterprises. Of the total number of small enterprises, the first place occupy the sector of wholesale and retail trade; repair of motor vehicles and motorcycles 23 695 or 34.56%. In second place, is the sector of the Processing industry with 7225 or 10.54%. And the sector of Professional, scientific and technical activities with 6246 enterprises, i.e. 9.1% of the total number of small enterprises is in third place. The largest number of medium-sized active enterprises in the manufacturing industry with 343 active companies or 25,61% of the total number of medium-sized active enterprises for the 2015 year, furthermore the sector of educational activity in which the number of active medium enterprises accounted for 311, or 23.22%, and the sector wholesale and retail trade; repair of motor vehicles and motorcycles with 131 active companies or 9.78% of the total number of medium-sized active enterprises. The situation in the major active enterprises is similar with the situation in secondary active enterprises.

The manufacturing industry employs the highest percentage of enterprises and that of 30,74% or 71 active companies, the sector for public administration and defense with 27 large active enterprise or 11,7%, and the sector for the activities of health and social care with 23 active enterprises, i.e. 9,96% of the total number of large active enterprises.

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Graph 4



Graph 5



With the adoption of the Law on one-stop system and preservation of the trade register and register of other legal persons, which entered into force on 01.01.2006, launched the functioning of the one-stop system as an integral part of the Central Registry. According to the data obtained from the one-stop system, shown in table 3-3 the number of newly - registered companies in 2015 is 6 723 companies i.e enterprises. The most new registered enterprises are recorded in the sector of wholesale and retail trade with 2 235 enterprises, next the sector of accommodation and community-based activities of food records 904 newly-registered enterprises

ECONOMY & FINANCE

and the sector manufacturing industry with 719 of the total number of newly-registered enterprises.

Macedonia remains among the few countries whose exports in a time of global economic instability continuously grew. The data show that the biggest share in the export have the enterprises in the zones which are exported catalysts, carriers of precious metals and their compounds, as well as the ferronickel, sets of conductors for ignition, for vehicles, aircraft or ships etc. and the products of the iron activities for the liberalization of trade with goods within the CEFTA. The member states have adopted the model for the multilateral negotiations at the level of CEFTA during which the protocol on trade services is model for the regulation of the level of openness of the sector for the services at the level of the region. For the CEFTA countries, the project foresees the creation of a database of regulations, primarily in the area of professional services that include: legal, accounting, architectural, engineering services. The analysis of the data in this service sector you need to demonstrate the advantages of the liberalization of this sector, as well as a comparison of the regulatory framework of the CEFTA countries with that of OECD and EU. In this stage the affected countries, agreed to make an analysis of the degree of openness of the market in the sectors: transport, construction and distribution services. Preparedness for negotiations on the liberalization of services exists primarily for business, tourist, transport, construction and distribution services, which are determined as priority sectors. In accordance with the objectives determined in the Strategy "Europe 2020", the main priority in the service sector is extension with measures and activities for harmonization with the EU Directive merits. So, the general principles of the directive are transposed in the Proposal of the Law on services. In the next period, is planning the adoption of law co that will ensure a transparent and predictable legal framework for the removal of the remaining barriers in the regulations that hinder the access and exercise of service activities in the country.

According to the definition of the state statistical office, statistics of foreign trade, exchange are based on the principle of special trade, according to which the export comprises all the goods exported abroad and in the foreign customs warehouses and the

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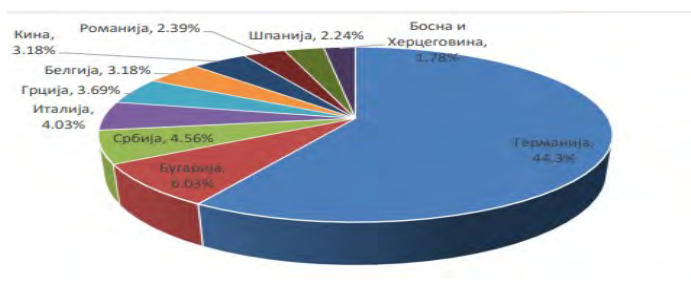
commercial free zones what is of domestic origin, the premises for further processing and the industrial free zones. While in the import comprises all goods, regardless of whether is imported directly from abroad, from customs transit, from customs warehouses and commercial free zones, intended for production, investments or general consumption.

According to the announcement on the Volume of foreign trade exchange with foreign countries for the period January-December 2015 can be seen that: the total value of the export of goods from the Republic of Macedonia amounted to 249 613 508, expressed in American dollars 4 489 934, i.e. 4 051 230 euros. The total value of imports of goods in the R. M. for the same period amounted to 355 947 711, expressed in the American dollars 6 399 867, i.e. 5 776 935 thousand euros. While the trade deficit amounted to 106 334 203 thousand, expressed in American dollars 1 909 933, i.e. 1 725 705 euros. The coverage of import with export amounted to 70.2%. The trade exchange by products shows that in the exports the most participation of catalysts that carriers with precious metals or their compounds, ferronickel, the sets of wires for the ignition and the like, for vehicles, aircraft or ships, the products of iron and steel (rolled products)

Germany is the most stable and the largest trading partner of the country. In the period from January to December, exports from Macedonia in Germany is over 1.99 billion, According to the statistics, even 44.32% of total exports of Macedonia, go to Germany which is an increase of almost 3 p.q. than the result attained in the previous year. Macedonia, continues with the traditional markets, and very rarely comes to the major changes among our major trading partners. Most of the products that we export end up in the EU, seen that the exports to the traditional markets from year to year grow, for the account of other countries. After Germany, comes Bulgaria, with 6.03% of the total export from Macedonia, as the second in a row country in which we export, third place and belongs to the country which is not an EU member state, Serbia.

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Graph 6



Germany, alongside with United Kingdom, Greece, Serbia and China are the largest 5 trading partners of the Macedonian enterprises, which represents almost 44% of the total imported goods and services for 2015. In the data for the trading partners for the 2015 observes a change in the terms of 2014 in the area of the 5 biggest trading partners. Namely, in 2015 Italy no longer belongs in the five countries that Macedonia mostly imports, its place is taken by China. Also, if the percentage of imports of already established trade partners of Macedonia has fluctuated around 92.2% to 92.4% in the previous 3 years, already in the 2015 notes a slight decline, i.e. Macedonia turns to the import of other countries and in 2015 for the first time exceeded 10% and amounted to 10.89%.

Graph 7

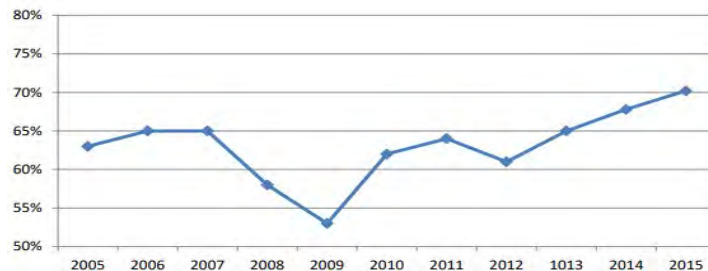
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Germany in 2015 also remains the undisputed first place of all the countries from which Macedonia imports, taken the first place from the Greece in 2014. In 2015, imports from this country are for more than 1.5 p.q. larger than that in the 2014 year. If we take a look backwards, it is clear that the share of Germany as a percentage of the total import of the R.M. from 2012 onwards constantly growing. If you take a look at the chart, you can see that the imports of Greece from 2012 onwards is in decline, and imports from China shows a slight growth from 2013 onwards. About coverage between imports and exports of the R.M. we can observe that although there is a great variability of this ratio from year to year, recent years may suggest a growth while the coverage of import with export in 2015 amounted to 67.8%, according to the news releases for the Volume of trade exchange with abroad in the field of Foreign trade in Statistical office of the Republic of Macedonia.

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Graph 8 Coverage of export and import 2005-2015, with %



CONCLUSION

On the basis of the systematic analysis of the researched issue in the final part we synthesized the following conclusions:

The interest for the study of the enterprises in the economic theory and practice dates for some time now, so therefore we analyzed a number of approaches for determining the enterprises, the need for their establishment, functioning and development. Also the development of economic thought accompanied with the emergence of a large number of schools, schools that in the center of the survey have economic development, and therefore, can not be universally applicable, comprehensive and unified definition, theoreticians usually differ in their interpretations, which reflect certain specific elements and determinants of development;

In analyzing the conditions for the operation of enterprises that characterized with strongly expressed global competition, a great fragmentation on the market, the growth of uncertainty and the changes in technology it is more alluded of the need for the development of the private initiative and the affirmation of enterprise awareness and culture. Coming from that fact, the focus in this research directed towards the process of entrepreneurship and its impact on the development of small and medium enterprises. Namely, its process followed with creative thinking, innovation and risk., I.e a human activity that includes analysis and monitoring of already existing companies with a special emphasis

ECONOMY & FINANCE

on finding personal power for starting and building new companies, reflects on the development of small and medium enterprises;

Starting from the central focal point of the research, special emphasis is placed on the necessary socio – economic preconditions, which indicate the positive directions for the development of small and medium enterprises. So, hence, the accentuated role of the state and economic policy in the development of the enterprises idea, the impact of the processes of privatization, development of science and technology and the development of the educational system.

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CASE STUDY: TRADE WAR BETWEEN THE US AND THE REST OF THE WORLD

Eudmila Lipková¹

Abstract

The teaching of subjects from International Economics is based on the efficient use of case studies. It enables students to understand the functioning of foreign trade relations among the states and their interconnections on real-world practical examples. In trade policy, individual states realize their economic interests towards trading partners abroad and thus affect their national economy. Mutual trade relations among countries in the world are governed by the rules of their own trade policies and, in most cases, for all WTO member states, by the rules of the World Trade Organization. National trade policies primarily support their own national economy and domestic producers, which is a reflection of protectionism. Protectionism supports the volume of domestic production, employment, but at the same time may be contrary to the interests of consumers, because of the reduction in real consumption due to the adoption of protectionist measures. The WTO rules lead to the liberalization of world trade. The current situation in the world trade, when the US threatens many states with the introduction of customs duties on imports of their products, presents a wide range of issues for the case study on the subject. The case study will address the issue of the causes of US protectionist measures, the potential countermeasures of the affected parties, the effect of introducing duties on US and other countries production, the impact on production in all participating countries, the impact on consumption, employment, world prices, and world trade volumes. At the same time, liberalist and protectionist theories of international trade will be explored, relating to the imminent trade war between the US and the rest of the world. The case study will also examine the political impact of introducing US protectionist measures and retaliation protectionist measures on all affected subjects..

Keywords: trade policy, WTO, national trade

*JEL classification:*G1

INTRODUCTION

In international economic relations, especially in the area of trade policy, we encounter a number of interesting topics which can be pedagogically used as a case study for a better understanding of the

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ECONOMY & FINANCE

nature of the problem, in our case protectionism or liberalism in international trade.

For our case study, we chose the issue of the ongoing trade war between the US and the rest of the world.

While preparing and analyzing the issue of the trade war between the US and selected states and examining the causes, process and consequences of the trade war with the students, we will determine the content of the matrix, the individual consistency between the chosen problems, the questions we are asking and their solutions.

We will include the main questions in the matrix that we will seek to find an answer for by studying expert and scientific articles and reviewing relevant statistical data. In order to obtain the most relevant answers, a large amount of export and import figures of individual states and their trade with the US should be sought in statistical sources. In particular, we will examine the export goods to the US, which will be burdened with high import duties.

We will examine the relationship of the imposition of duties on, for example, domestic prices, world market prices, employment, mutual trade, etc. in all the surveyed states, in connection with their responses to American protectionism.

In the second line to the right, we have specified the issue that we will examine in the case study.

In the first column down, we specified states that are involved in the trade war.

Problems raised	Cause of measures	Impact					
		On mutual trade	On price in domestic market	On price in world market	On production and employment	Of retaliation measures	Of politics
Affected states							
US	1. Support the US economy	Decrease	Decrease	Decrease	Increase	Slight increase	Questionable, rather negative
	2. Deficit of the US						

ECONOMY & FINANCE

	foreign trade						
China	1.Trade balance surplus with the US	Decrease	Decrease	Decrease	Decrease	No change	None
	2. Insufficient protection of US intellectual property rights in the Chinese economy						
EU	1.Trade balance surplus with the US	Decrease	Decrease	Decrease	Decrease	Slight decrease in the sector	None
	2. High import duties						
Germany	Trade surplus with the US	Decrease	Decrease	Decrease	Decrease	Slight decrease in the sector	Almost none
Slovakia		Decrease	Decrease	Decrease	Decrease	Decrease	Small
Japan	Trade surplus with the US	Decrease	Decrease	Decrease	Decrease	Slight decrease in the sector	None
Republic of Korea	Balance of trade with the USA	Decrease	Decrease	Decrease	Decrease	Slight decrease in the sector	None
Australia	Balance of trade with the USA	Decrease	Decrease	Decrease	Decrease	Slight decrease in the sector	None
Canada	Balance of trade with the USA	Decrease	Decrease	Decrease	Decrease	Slight decrease in the sector	None
Mexico	Balance of trade with the USA	Decrease	Decrease	Decrease	Decrease	Slight decrease in the sector	None

ECONOMY & FINANCE

We will justify the individual postulates in the matrix verbally based on the study and analysis of relevant expert and scientific articles and statistical data. We propose to focus on the following issues in our case study. With regard to the further development of the trade war, it is possible to include in the matrix also other issues that the affected states will address in relation to the US protectionism and retortion measures (retaliatory duties and quantitative restrictions, or possibly appeal from Chinese officials to Chinese consumers to prefer Chinese goods to American ones, etc.).

1. THE REASONS FOR THE US INTRODUCTION OF PROTECTIONIST MEASURES

We elaborate on the fact that the US has decided to introduce restrictive measures for the import of goods from many countries in a short-term procedure in the interests of the US national security. Restrictive measures concern many types of goods, in particular steel, aluminum, automobiles and the like. The US justifies its protectionism with so-called unfair behavior of its business partners and damages to the US economy.

The US trade war versus the rest of the world has several causes:

1. First and foremost, US president Donald Trump declared in his presidential election that he would return industrial production to the US. Industrial production in the US can no longer be returned by natural economic development. The US has a highly qualified, expensive labor. The comparative advantages of the US are not based on cheap labor or unsophisticated capital. They are based on highly qualified labor and high technologies. The return to the US of some types of industrial production is only possible by deforming the comparative advantages with the use of protectionist measures. However, these measures would harm all interested parties.
2. The US has a deficit trade balance with many states. The reason for the trade deficit, in addition to the overvalued dollar, are, for example, higher import duties (e.g. in the EU) for US products compared to US import duties for products from the Member States of the EU.

ECONOMY & FINANCE

3. The US wants to punish some countries for insufficient protection of the intellectual property rights of the US companies, the example is China.

We can continue to list the causes for each country and name the exact causes.

2. EFFECT ON MUTUAL TRADE

US protectionist measures against other states will lead to a reduction in US imports from other states. The decrease in imports will mainly apply to imports of steel and aluminum products. This fact alone will lead to a reduction in mutual trade.

However, all affected states warned the US that they would introduce retaliation measures, leading to a further decline in trade. Affected states with their retaliatory measures will strive to harm the US economy and politics of Donald Trump as much as possible. China, for example, threatened to introduce restrictive measures on imports of agricultural products from the US. These restrictive measures will also harm the Chinese economy, as it is unable to replace the products in the short term by domestic production or by changing the territorial structure of imports, especially products like pork and soya. In the US, however, the Chinese counter-measures leading to import restrictions would be particularly damaging to states such as Iowa and Wyoming, which are the basis of the Trump electorate.

The escalation of protectionism would lead to a significant restriction of trade and to a state that can be called a trade war.

3. EFFECT ON PRICES IN DOMESTIC AND WORLD MARKETS

The issue of prices in the domestic market, whether US or other, can be viewed from several aspects. Firstly, stocks of steel and aluminum will increase in the individual major producer countries affected by the protectionist measures. In their domestic markets, the supply will increase leading to price drops. The supply of these commodities will also increase in the world market leading to lower prices in the world market and thus also in the US market. US companies producing steel and aluminum can cope with this

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situation either by rationalizing production, introducing new technologies, but also by lowering the number of employees and thereby increasing unemployment in the US.

However, before prices for steel products are reduced, prices of US cars made from more expensive US steel will rise by about 300 USD harming domestic consumers.

4. IMPACT ON DOMESTIC PRODUCTION AND EMPLOYMENT

The aim of measures is to increase domestic production in the US. Immediately after the introduction of protectionist measures, the volume of American steel and aluminum production may increase. However, if prices fall in the world market, US firms will have trouble getting rid of this situation.

In other countries, there will be no immediate halting in steel and aluminum production, but if protectionist measures are long-term, there will be decrease in the production in all major producers - China, Canada, Mexico, Australia, the Republic of Korea, etc. A long-term character of protectionist measures introduced by the US could lead to change in the structure of production or the territorial structure of exports of commodities in the most affected states.

We can examine the impact on domestic production by focusing closely on the goods (steel and aluminum), or by examining how the US protectionist policy will motivate, for example, the development of the new Chinese C919 transport aircraft, which can, at least in the Chinese market, replace the American transport aircraft Boeing, thereby reducing their imports from the US.

Employment is a very sensitive social phenomenon. The question of employment in some US states was the motive for US president Donald Trump to introduce protectionist measures. It is necessary to examine how many new jobs are the US companies able to create based on the protection of the steel and aluminum industry.

5. RETORTION MEASURES

In the history of international trade, we rarely encounter the situation when a state affected by a protectionist measure of another

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state does not respond to the situation. Already during the announcement of plans to increase import duties, in particular on aluminum and steel products, many states have announced that they will introduce retaliatory measures.

China, as one of the largest trading partners of the US, has announced that it will limit the import of many agricultural products; and although limiting Chinese consumers, it will hit particularly hard those US states where voters support Donald Trump. Other states plan to introduce similar measures. Therefore, all these measures should be examined in the light of their impact on mutual trade with the US.

6. POLITICAL INFLUENCE

The impact on the political situation in the various countries will vary. It can be expected that the protectionist measures will have the strongest political influence, in the positive sense, in the US; but also retaliation measures will have a strong influence on the US or opposite, i.e. negative and damaging the image of the US president.

7. FURTHER RECOMMENDATION ON THE CONTENT-ORGANIZATIONAL SOLUTION OF THE CASE STUDY

From the present students, we will create several groups that will look for advantages and disadvantages for individual states, for example US, China, Canada, Mexico, etc. They will examine in a complex form and from an individual perspective the consequences of the trade war with the US. Students will thus practice a complex argumentation for one economy and its trade relationships with the US.

CONCLUSION

After a thorough examination of the causes and consequences of the US initiative to introduce protectionist measures and subsequent protectionism introduced by the affected states (retortion measures), we must come to the conclusion that the positive consequences of protectionism are of a short-term nature.

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In the long run, they are harming all participating countries, reducing world trade and slowing the growth of the world economy.

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DYNAMIC INTERACTIONS AMONG BALKAN STOCK MARKETS

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Jelena Petrović

Abstract

This paper investigates the nature and the extent of interactions between the Serbian stock market, and selected Balkan stock markets including Macedonia, Croatia and Bulgaria. Using the most recent data for the appropriate stock market indices spanning the period 2013-2018, market interdependencies are gauged by running cross-correlation and Granger causality tests. The results show statistically significant correlations between the Serbian, Macedonian, and Croatian stock markets. Most notably, the highest correlation coefficient is documented between stock returns in Serbia and Croatia. In addition, the evidence of un-directional causality is found among Croatian and Serbian stock markets, as well as between Bulgarian and Macedonian stock markets.

Keywords: time series analysis, correlation, stock index, interactions, causality

JEL classification: G15,C32

INTRODUCTION

In an economic environment where an international perspective is increasingly relevant, knowledge of the international stock market structure becomes important for several reasons. On the one hand, economists are interested in the world-wide equity comovement structure as it influences capital flows, investment and consumption decisions. On the other hand, investors are interested in comovement relationships for diversification motives. This is especially true because international diversification is often regarded as the best way to improve portfolio performance. However, the extent to which portfolio managers can practically

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ECONOMY & FINANCE

implement risk reduction depends not only on the intertemporal stability of (expected) stock market returns, but also on (expected) correlations, which measure the amount of similarity in the movement of financial markets

After a year-long negative trend, the total turnover on the Belgrade Stock Exchange, realized in 2016, for the second consecutive year, is growing. In contrast to 2015, when annual traffic growth of about 10 percent was recorded, traffic in 2016 surpassed 75 percent last year's result

Although such turnover was mostly contributed by trading in debt securities of the state, and the results recorded in trading stocks indicate that domestic and foreign investors recognize individual companies that, on the basis of their business results, represent a good investment alternative - longer or shorter. Although the domestic market is still burdened by the legacy of privatization and post-privatization processes, and new and desirable market materials are still lacking, the fact is that the trend of price movements on the Stock Exchange has been on the upward path for several years, while the actions of individual companies are in the center the attention of not only domestic but also large foreign portfolio investors.

1. LITERATURE REVIEW

The stock market has traditionally been viewed as an indicator or "predictor" of the economy (Comincioli and Wesleyan, 1996). Investigating causality is a topic of main interest in scientific research. Assessing the causality between two processes in a common and well-defined (non-experimental) framework, one usually refers to the well-known concept of Granger causality. Most of the researchers believe that large decreases in stock prices are reflective of a future recession, whereas large increases in stock prices suggest future economic growth. The stock market as an indicator of economic activity, however, does not go without controversy. Sceptics point to the strong economic growth that followed the 1987 equity market crash as a reason to doubt the equity market's predictive ability. Given the controversy that surrounds the equity market as an indicator of future economic

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activity, it seems relevant to research this topic further. A number of papers analyse interdependencies among variables using Granger causality.

Syriopoulos and Roumpis (2008) investigate time-varying linkages among Balkan and developed equity markets using the Constant Conditional Correlation (CCC) and Asymmetric Dynamic Conditional Correlation (ADCC) models, whose results show that the correlations among equity markets are not constant over time, whereas correlations with developed markets seem to be quite modest. Knnourgious and Samitas (2011) in their paper examined long-run relationships among five Balkan emerging stock markets (Turkey, Romania, Bulgaria, Croatia, Serbia), the United States and three developed European markets (UK, Germany, Greece), during the period 2000-2009. Results show that stock market dependence is heightened, supporting the herding behaviour during the 2008 stock market crash period. Horvath and Petrovski (2013) study time varying comovement (correlations) of the volatilities in the time domain and show that there is a zero correlation between Western stock markets and Serbian and Macedonian stock markets which is very similar to the paper of Dobardžić et al (2012). In this paper authors give the evidence of the very small interdependence between Serbian and developed stock markets including Germany and USA for the period 2005-2009. They also used correlation and Granger causality testing. Gradojević and Dobardžić (2013) investigate causality in frequency domain approach between Serbia, Croatia, Slovenia, Hungary and Germany. They find evidence of a somewhat dominant effect of the CROBEX and CETOP stock indices on the BELEX 15 stock index across a range of frequencies. The results also indicate that the BELEX 15 index and the SBITOP index interact in a bi-directional causal fashion. At the end they find that the DAX index movements consistently drive the BELEX 15 index returns for cycle lengths between 3 and 11 days without any feedback effect. Angelovska (2017) in her paper showed strong relationship between Macedonian and Croatian stock markets using Granger causality test for period 2005-2017. She investigated long long run common trend between the Macedonian and Croatian stock market indices using Johansen's cointegration maximum eigenvalue and trace tests.

2. DATA ANALYSIS

To provide updated results, this study uses daily closing data of four selected stock markets, namely, Serbia, Croatia, Slovenia, and Hungary, covering the period from September 2017 to September, 2018 (Figure 1 to 4). In this study, the conventional stock returns for these markets are calculated from the following indices:

- BELEX 15 blue chip index for Serbia,
- CROBEX for Croatia,
- MBI10 for Macedonia, and
- SOFIX for Bulgaria.

Before proving the potential causality and their effects, we will show correlations between BELEX 15 and other indices. Because of the differences in working days between the Belgrade stock market and other stock markets in the region, the numbers of observations are also different. The numbers of observations are in the range of 246 to 253. The estimations with these observations include percentile changes in ROI¹ values. These ROI values represent two variables used in estimations. Before we use the test for direct Granger causality, we will test correlations between ROI values of BELEX 15 as a represent of the Serbian stock market and other indices from, Croatian, Macedonian and Bulgarian stock markets. Table 1 shows summary data for the estimated markets. There are several methods for testing the flow of information and co-movement of prices in stock markets across the countries. In this study, emphasis is given to test the inter-market relationship among the stock market in Serbia with stock markets of regional countries through the following:

(i) Descriptive statistics, (ii) Correlations and (iii) Granger causality.

¹ Return on investments-calculated like log different between 2 values of stock market index.

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Table 1. Data summary

Country	Index name	Currency
1. Serbia	BELEX 15	Dinar
2. Croatia	CROBEX	Kuna
3. Macedonia	MBI10	Denar
4. Bulgaria	SOFIX	Lev

Descriptive statistics for the stock indices' returns are given in Table 2. These include the distribution of the mean, the standard deviation, the skewness, the kurtosis and the coefficient of variation.

Table 2. Descriptive statistics of daily returns

Index	N. obs	Mean	Std. Dev.	Skewness	Kurtosis	C.V
BELEX 15	246	0.000051	0.00458	0.1299	3.1098	90.555
CROBEX	251	-0.000097	0.41194	-0.0094	122.46	4223.3
MBI10	245	0.001013	0.00708	0.1292	4.0458	6.9930
SOFIX	253	-0.000434	0.00576	-1.0620	6.3814	13.126

Source: Authors calculations

A careful examination reveals that the Macedonian stock market offers the highest return at a reasonable risk level. Approximately at the same level of risk, the Croatian and Bulgarian stock markets are offering negative returns. The Serbian stock market is exhibiting average positive returns for the period under study. The Serbian market appears to be less risky, whereas the standard deviations of the other markets. The Croatian and Bulgarian stock markets are negatively skewed. The negativity of the skewness is seen as a sign of nonlinearity in the dynamics of stock markets. All of the displayed skewness statistics have asymmetric distributions. Croatian and Bulgarian are skewed to the left, as shown by the negative skewness statistics, and Macedonian and Serbian are skewed to the right (positive skewness).

ECONOMY & FINANCE

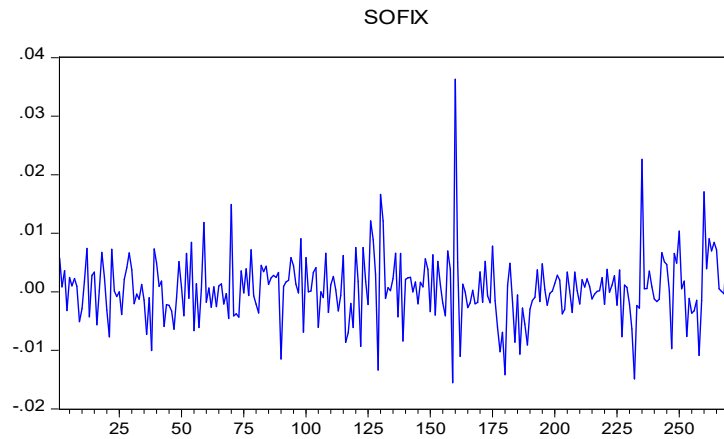


Figure 1. Stock index returns for SOFIX during from August 2017 to September 2018

Source: Authors calculations

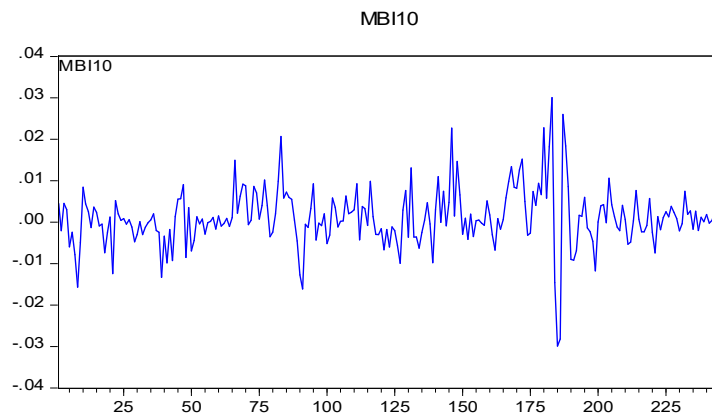


Figure 2. Stock index returns for MBI10 during from August 2017 to September 2018

Source: Authors calculations

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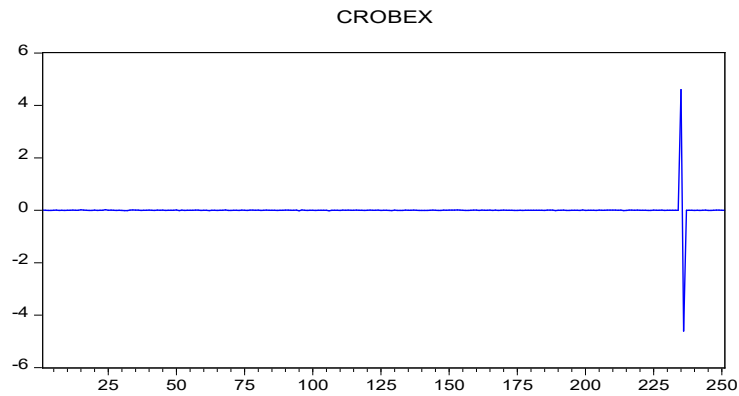


Figure 3. Stock index returns for CROBEX during from August 2017 to September 2018

Source: Authors calculations

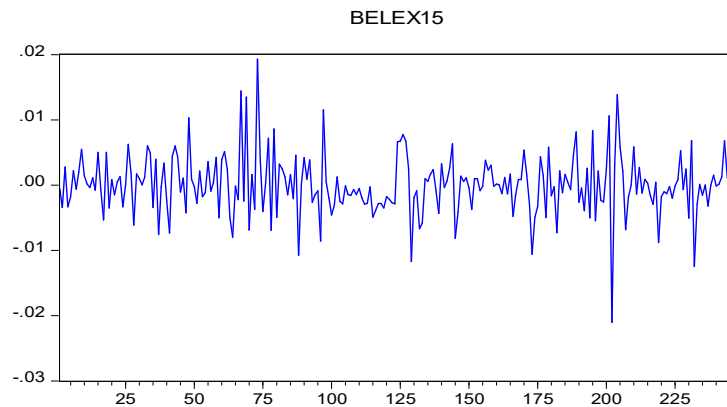


Figure 4. Stock index returns for BELEX 15 during from August 2017 to September 2018

Source: Authors calculations

Kurtosis provides a measure of the “thickness” of the tails of a distribution relative to the normal distribution. For normal distribution, kurtosis is usually equal to three. All daily stock

ECONOMY & FINANCE

returns have excess kurtosis, which means that they have a thicker tail and a higher peak than a normal distribution. Belex 15 is the closest to the normal distribution. The coefficient of variation (C.V.) measures the degree of volatility of relative daily market returns. For the Croatian market the coefficient of variation is the highest on average than those for all other countries. Overall, based on the coefficient of variation, the figures seem to indicate that the Macedonian and Bulgarian stock market have the least level of volatility relative to the all other markets.

3. METHODOLOGY

Granger (1969) proposed a time series data-based approach to determine causality. In the Granger sense, x is a cause of y if it is useful in forecasting y . In this framework, “useful” means that x is able to increase the accuracy of the prediction of y with respect to a forecast, considering only past values of y . One other way Granger causality can be defined is as a method that determines the degree to which a current endogenous variable can be explained by past values of the variable and that determines whether the explanatory power can be improved by adding lagged values of another exogenous variable. If this is the case, the exogenous variable is said to Granger cause the endogenous variable. Granger causality is thus a pretty powerful tool in that it allows us to test for things that we might otherwise assume away or otherwise take for granted. There are four different types of situations in which a Granger causality test can be applied:

- In a simple Granger causality test, there are two variables and their lags.
- In a multivariate Granger causality test, more than two variables are included because it is presupposed that more than one variable can influence the results.
- Granger causality can also be tested in a VAR framework; in this case, the multivariate model is extended to test for the simultaneity of all included variables.
- ARIMA models.

As the name suggests, we can also access Granger causality in a more direct way, by regressing each variable on lagged values of itself and the other, such as in the following:

$$Y_t = \beta_0 + \sum_{j=1}^J \beta_j Y_{t-j} + \sum_{k=1}^K \gamma_k X_{t-k} + \mu_t \quad (1)$$

We can simply use an F-test or the like to examine the null hypothesis. The choice of J and K lags is critical; insufficient lags yield auto-correlated errors (and incorrect test statistics), whereas too many lags reduce the power of the test. This approach also allows for a determination of the causal direction of the relationships, as we can also estimate the “reverse” model:

$$X_t = \beta_0 + \sum_{j=1}^J \beta_j X_{t-j} + \sum_{k=1}^K \gamma_k Y_{t-k} + \mu_t \quad (2)$$

Also, it is important to remember that Granger causality testing should take place in the context of a fully specified model. If the model is not well specified, “spurious” relationships may be found, despite the fact of no actual (conditional) relationship between the variables.

This study uses a direct Granger causality method.

4. RESULTS AND DISCUSSION

Table 3. Unconditional market returns correlation matrix

	BELEX 15	CROBEX	MBI10	SOFIX
BELEX 15	1			
CROBEX	-0.01530	1		
MBI10	0.016984	-0.028025	1	
SOFIX	-0.030909	0.0452934	-0.095239	1

Notes: bold correlations are significant at $p < 0.05$

Source: Authors calculations.

Unconditional correlation coefficients in stock market index returns (Table 3) indicate significant pairwise correlations among the BELEX 15 index and several index markets.

ECONOMY & FINANCE

Whereas there are different sign of correlations with the return of the Serbian market, and the correlations are quantitatively and statistically negligible, ranging between -0.02 to 0.04¹.

Onay's (2006) study confirmed results of correlations from this paper that regional equity markets do not have strong relationships between each other². The BELEX 15 market index shows the highest correlation with Bulgarian SOFIX stock index returns. We can notice that correlation has negative sign. It means that every rise in Serbian economy produces fall in Bulgaria and vice versa. This result could be expected for many reasons. During the privatization period in Serbia, Bulgaria was one of the most important investors, but it turned out to be a poor employer, since most of the companies bought after a certain time proclaimed bankruptcy. The Serbian equity market also shows significant correlation with the Macedonian market but with the positive sign. That means that every positive change in Serbian economy produces the same effect in Macedonian and vice versa. The explanation for this lies in the fact that both countries (Serbia and Macedonia) are the members of the CEFTA agreement so there are very important trading partners. On the other hand Macedonia has negative correlations with Croatian and Bulgarian stock markets.

The low correlations between most of the markets found in this paper lead to two major conclusions. From one point of view, this can prove that the characteristics of the transition markets (excluding maybe only Croatia) are the same as for all of the other emerging markets. From another point of view, the low correlation between transition and stock markets which are the part of the European Union creates opportunities for portfolio diversifications. These results could be viewed as a starting point for quantifying the portfolio diversification possibilities for investors. As pointed out by Bekaert and Harvey (2000), the correlation between emerging

¹ Jacob Cohen (1988) has suggested $0.1 < \rho < 0.29$ to be a small correlation, $0.30 < \rho < 0.49$ to be a medium correlation and $0.5 < \rho < 1$ to be a large correlation. The same benchmark is taken for negative values of ρ (Pallant, 2005, p. 126).

² The study investigates a co-integration between the Croatian, Bulgarian, Romanian and Turkish equity markets and reveals very low correlations among the markets.

ECONOMY & FINANCE

markets' opening up their capital markets to foreign investors and developed markets tends to increase over time. Financial liberalisation does not necessarily lead to the full integration of an emerging market into the global market, although the lack of financial integration among world markets seems to be one of the main characteristics that investors take into account in their investment decisions given the benefits from diversifying internationally (Schmukler, 2004). The low correlation among transition countries equity markets may be due to factors such as the lack of free trade and the inadequate information of foreign securities. We must know that the Serbian stock market index BELEX 15 was established later than other regional and transition indices, especially the indices of developed countries. The low correlations in some way could be the result of this fact. Additionally, low correlations between all countries from this study are also confirmed by the working paper from Égert and Kočenda (2007). The existing correlation between the markets under study implies their interdependence, but it does not reveal the direction of the influence, that is, the causality between the markets. Correlation analysis is a weak technique and does not discuss the cause and effect relationship, so Granger causality is tested. The results of the causality testing are presented in Table 5.

Granger causality may have more to do with precedence or prediction than with causation in the usual sense. It suggests that although the past can predict the future, the future cannot predict the past. Granger causality tests are conducted for variables to establish whether the movement in equity prices from BELEX 15 has an impact on movements in equity prices on other indices and vice versa and apply Akaike's information criteria to ensure that the lag length specified in the causality tests is optimal. Table 4 shows the number of time lags used in causality estimations.

Table 4. Optimal endogenous number of lags from information criteria

	OPTIMAL NUMBER OF LAGS Akaike Info Criterion (AIC)
1. BELEX 15 and CROBEX	4
2. BELEX 15 and	2

ECONOMY & FINANCE

MBI10	
3. BELEX 15 and SOFIX	5

Notes: searched up to 10 lags of 1. difference

Source: Authors calculations.

After these requirements have been satisfied, Granger causality tests are computed. Taking equation (1) as an example, the two-step procedure in testing whether BELEX 15 causes other indices is as follows:

1. Other regional indices are regressed on its past values excluding BELEX 15 in the regressors. This is called the restricted regression, from which we obtain the restricted sum of squared residuals.

2. Therefore, a second regression is computed including the lagged BELEX 15. This is called the unrestricted regression from which the unrestricted sum of squared residuals is obtained.

The statistics are defined as follows:

$$F = \frac{[(RSS_r - RSS_{ur}) / k]}{RSS_{ur} / [n - 2k - 1]} \quad (3)$$

where SSR_r and SSR_{ur} are the two sums of squared residuals related to the restricted and unrestricted forms of the equation; the elements that form the degrees of freedom are n , that is, the number of observations, whereas k represents the number of lags. The same procedure is used to test for the inverse Granger-causality relation in 2. With the F statistic, the hypothesis of the statistical significance of specific groups of explanatory variables was tested for each separate function. The result reflects the $I(0)$ state of the variables. In the cases where the F -stat¹ is higher than the result from F -test, causality exists. In the cases where the F -stat is smaller than or equal to values from the F -test, the causality does not exist. Table 6 gives the evidence regarding the existence of bidirectional causality. The model used in these estimations is the OLS

¹ In all estimations, ROI is used (percent daily changes in the values of stock market indices).

ECONOMY & FINANCE

(Ordinary Least Squares) model. All of these estimations employ at 10 % significance level.

Table 5. Results of Granger-Causality Tests

Null Hypothesis	Obs.	F-statistic	Probability	Decision
BELEX 15 does not Granger Cause CROBEX	242	2.10625	0.0808	Reject
CROBEX does not Granger Cause BELEX 15	242	0.13489	0.9694	Accept
BELEX 15 does not Granger Cause MBI10	242	0.33218	0.7177	Accept
MBI10 does not Granger Cause BELEX 15	242	0.70468	0.4953	Accept
BELEX 15 does not Granger Cause SOFIX	241	0.31359	0.9045	Accept
SOFIX does not Granger Cause BELEX 15	241	1.92184	0.0916	Reject
CROBEX does not Granger Cause MBI10	242	0.29567	0.7443	Accept
MBI10 does not Granger Cause Crobex	242	0.06822	0.9341	Accept
CROBEX does not Granger Cause SOFIX	249	0.07490	0.9279	Accept
SOFIX does not Granger Cause CROBEX	249	0.54426	0.5810	Accept
SOFIX does not Granger Cause MBI10	242	1.12070	0.3278	Accept
MBI10 does not Granger Cause SOFIX	242	0.53208	0.5891	Accept

Notes: The results that we can see in this table are received from two software programs specialised in work with time series estimations: *E-view* 7. ADF test used to find the optimal number of time lags determined with the Akkaike criterion.

Source: Authors calculations.

ECONOMY & FINANCE

We find unidirectional result from Serbia to Croatia and from Serbia to Bulgaria. This indicates that BELEX 15 Granger cause CROBEX. We can also say that the past values of SOFIX predict present or future values of BELEX 15. The results of this causality show strong interdependence between the two stock markets. Also, the past values of DAX predict present or future values of BELEX 15. Results with this causality pair are also expected if we know that Serbia and Croatia are very strong trade partners (many Croatian companies do business in Serbia¹)

These evidence of two unidirectional causality also means that BELEX 15 nad SOFIX are first move and CROBEX and BELEX 15 follows it, but with a certain delay. The same explanations like in the first unidirectional causality could be offered for the second stock market pair, Serbia and Bulgaria. The trade between these two economies are in permanent growth and for the first time recorded one billion US dollars in 2017.

We don't find evidence of causality for other stock markets. A possible explanation of this difference in results could be the specifics of the analysed data, as the Granger causality test is sensitive to time-series properties (e.g., lag length) and the period of observations is not too long.

Over all this Granger causality result supports the idea that knowing the current prices improves the forecast ability of stock prices.

CONCLUSION

The empirical evidence presented in this paper suggests that there are significant relationships between some of the stock markets. This paper has tried to assess the possibility that one of the two variables could cause (in a Granger's sense) the other. First, the paper tested a possible correlation coefficient between stock markets index pairs of four Balkan countries. The results show that the Serbian market showed significant positive correlation coefficient with the Macedonian stock market. So, if one increase,

¹Total trade between Serbia and Croatia in 2017 amounted to EUR 1.027 billion and increased by 14.2% compared to 2016. Serbia is in suficit with 74.4 millions of US dollars, Serbian Chamber of Commerce.

ECONOMY & FINANCE

this means that values of the Serbian stock market index increase as well. On other hand correlation testing shows negative significant sign between Serbian and Bulgarian stock markets. The results from the correlations testing show that the Serbian stock market and, indirectly, the whole economy have the strongest interaction with the Macedonian and Bulgarian stock market, as expected.

Next, the paper explores causality between them using a direct Granger causality method. In some index pairs, we had one kind of causality between them. We conclude that BELEX 15 predicted CROBEX. Also, we conclude that SOFIX predicted changes in BELEX 15. Therefore, this study found evidence of unidirectional Granger causality between the stock returns in Serbia and stock returns in Croatia and Bulgaria.

The results from correlations and causality estimations suggest that regional stock markets had different size of relationships. The results support the view that the globalisation of the world economy has enhanced their interrelations. The reported causality test results are useful for any assessment of the East European and developed world stock markets. For example, the interplay between these pairs of countries (Serbia-Croatia and Serbia-Bulgaria) can be useful for central bankers and international investors alike in evaluating stock market performance. The above findings lead us to infer that the Serbian stock market is partially integrated into the global markets.

The findings of the paper have important implications for both investors and policymakers. The empirical results presented in this paper support the view that international investors have long-run opportunities for portfolio diversification by acquiring stocks from these four countries. However, higher integration also implies that there are fewer opportunities to diversify portfolios within the Euro area, thus providing incentives to focus more on diversifying across sectors or across regions. For policymakers, the process of European financial integration poses some challenges. Financial integration has increased competition and market efficiency, and at the same time, continuing financial integration has made individual European markets increasingly interdependent and subject to spillovers resulting from endogenous and exogenous shocks.

ECONOMY & FINANCE

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ECONOMY & FINANCE

LABOUR MARKET AND LABOUR RELATIONS: THE CASE IN MACEDONIA

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Abstract

Macedonia suffering from high unemployment. As a country with relatively young economy and with a long transition period, unemployment is one of the major concerns in the Macedonian economy. The condition of the market regulative is a field in which the country invests and strives to ensure a support for the population with relevant legislative, which is recognized through the regulative changes that influence the business and employment life cycle. However, it is worth to note the gradual decreasing trend of the unemployment in the last years, despite the global crisis impacts, that is due to several factors, including active labour market (ALM) measures, measures against grey economy, job creation in the new companies with foreign capital as well as gradual economic recovery.

The paper will analyze the active labour market policie, employment and unemployment in Macedonia and to give conclusions and recommendations for solving the unemployment as major problem for Macedonian economy.

Keywords: labor market; labour relations, employment, unemployment; Macedonia.

JEL Classification: G1,G11,G12

INTRODUCTION

Macedonia is facing with a difficult economicsituation and inadequate economic governance, which, among other things, results in poor labour market performance and outcomes. The region is characterised by persistently high levels of unemployment, low job creationrates², the presence of structural unemployment³

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²Dmitriy Kovtun et al., *Boosting Job Growth in the Western Balkans [IMF Working Paper]* (International Monetary Fund, 2014); Nikica Mojsoska-Blazevski, *Challenges to Successful Employment Policy in the Region: Towards More Jobs, Quality Labour Force and Greater Competitiveness [Discussion Paper]* (Western Balkans Investment Framework, 2012).

³ Ibid

ECONOMY & FINANCE

and a generally underdeveloped institutional framework of the labour market. Despite poor labour market outcomes and socio-economic issues that arise as a result, labour market policies are still insufficiently developed in Macedonia and have limited effects on employment and labour market improvement. This is especially relevant for active labour market policies, which are recognized in both developed and developing countries as one of the most important policy instruments in fighting unemployment, in mitigating labour market imbalances and contributing to long-term improvements in its efficiency. In that sense, effective activation policies are promoted by the Organisation for Economic Co-operation and Development (hereafter: OECD) and the European Commission with the conviction that they will help reduce unemployment and boost employment.¹

1. AN LABOUR MARKET POLICY

The labour market policy, generally speaking involves two groups of measures: active and passive. Despite the same objective of dealing with the unemployment, these two groups of measures are rather different. While passive labour market measures (PLM) intended to secure income to the unemployed people, the active labour market measures (ALM) are oriented towards reduction of the unemployment by improving the skills of the jobseekers, providing incentives for job creation or job search assistance to the unemployed. Obviously, the main advantage of the ALM measures is that they strengthen the individual ability of the jobseekers and functional capacity of the labour market on permanent basis.

Many studies supported the ALM measures and the need of their complementarity with PLM measure, promoting the role of the ALM measures as effective means for increasing labour efficiency and reduction of unemployment (OECD, 1994). Thus, ALM measures became quite popular in advanced economies since 1990s, while in the emerging economies they appeared later, mainly during the last decade. ALM measures in the Central and

¹ John P. Martin, *Activation and Active Labour Market Policies in OECD Countries: Stylized Facts and Evidence on their Effectiveness [IZA Policy Paper No. 84]* (Bonn: IZA, 2014), p. 3.

ECONOMY & FINANCE

Southeastern Europe are mainly related to the transition process and the associated issue of the unemployment. Important difference regarding the environment for ALM measures implementation in emerging economies is the share of the informal unemployment as well as the weaker institutional capacity in these economies (ILO, 2017).

2. ACTIVE LABOUR MARKET-ALMP

ALMPs can be defined as a set of economic measures applied “in order to improve the functioning of the labour market that are directed towards the unemployed”¹ or, in other words, “to improve the labor market position of unemployed workers”². However, ALMPs often do not target only unemployed persons, but are also directed toward preserving at-risk job and activating inactive persons. Therefore, an understanding of ALMPs can be expanded and they can be defined as policy measures intended to challenge structural imbalances in the labour market, to maintain the supply of labour by keeping long-term unemployed and “outsiders” in the labour market, to boost demand for labour through job creation and to improve human capital, mainly through training measures.³ Active measures are part of broader employment policies that also include passive measures, such as unemployment benefits and related welfare benefits. In the past two decades, ALMPs were usually understood as a pillar of the wider policy framework of activation. Although ‘activation’ is still underdefined as a concept, activation strategies aim “to bring more people into the effective labour force, to counteract the potentially negative effects of unemployment and related benefits on work incentives by enforcing their conditionality on active job search and participation in measures to improve employability, and to manage employment

¹Lars Calmfors, “Active Labor Market Policy and Unemployment – A Framework for the Analysis of Crucial Design Features”, *OECD Economic Studies*, no. 22 (1994), p. 8.

²Jan C. van Ours, *Do Active Labor Market Policies Help Unemployed Workers to Find and Keep Regular Jobs?* (Bonn: IZA, 2000), p. 2.

³Veronica Escudero, *Are Active Labour Market Policies Effective in Activating and Integrating Low-Skilled Individuals? An International Comparison* (Geneva: International Labour Office, 2015), pp. 2-5.

ECONOMY & FINANCE

services and other labour market measures so that they effectively promote and assist the return to work”.¹

The two main functions of ALMPs can be described as ‘economic’ and ‘social’.

The ‘economic’ pertains to the economic performance of labour markets, such as the generation of jobs, allocation of human resources, matching of labour demand and supply and overcoming structural gaps in that regard. The ‘social’ mitigates the social consequences of poor economic and labour market outcomes and seeks to remove obstacles to employment through the inclusion of vulnerable, socially excluded and hard-to-employ categories.²

Three fundamental target groups of ALMPs are the unemployed, employed persons who are endangered by potential involuntary job loss and inactive persons who can and would like to enter the labour market.³ Therefore, measures are primarily oriented towards employment and inclusion of the most vulnerable, excluded, hard-to-employ and disadvantaged social categories on the labour market, i.e. groups with the lowest prospects for employment and economic inclusion. In that sense, the typical target groups of ALMP measures are women, older people, youth, the long-term unemployed, the low-skilled, persons with disabilities, immigrants and others. However, ALMP measures are often also designed to cover unemployed persons who do not belong to these groups, and have higher chances of getting a job. The very basic dichotomy of ALMP types is between a human investment and an incentive-based approach.⁴ The first approach is based on various policy measures – primarily training and educational measures, such as on-the-job training, classroom training, re-training, and others – oriented towards

¹ Organisation for Economic Co-operation and Development (OECD), *OECD Employment Outlook 2013* (OECD Publishing, 2013) according to Martin, *Activation and Active Labour Policies in OECD Countries*, p. 3.

² Jovan Zubović, “Aktivne mere na tržištu rada i evaluacije uticaja” in *Aktivne mere na tržištu rada i pitanja zaposlenosti*, ed. Jovan Zubović (Beograd: Institut ekonomskih nauka, 2011), p. 522.

³ EUROSTAT, “Labour Market Policy”; Ibid., p. 523.

⁴ Giuliano Bonoli, *The Political Economy of Active Labour Market Policy* (Edinburgh: Dissemination and Dialogue Centre, 2010).

ECONOMY & FINANCE

improving human capital. The second relies on work incentives and negative incentives “to move people from social assistance into employment” through benefit conditionality, benefit reduction and the use of sanctions¹. It is not possible to fully separate these two approaches: they are often intertwined in policy design.

One of the most comprehensive and sufficiently broad classification of ALMP measures is offered by Brown and Koettl (2012)². According to this proposed classification, ALMP measures are classified as interventions that are (a) targeting the demand side of the labour market, i.e. incentives for retaining and creating employment, (b) targeting the supply side of the labour market, i.e. incentives for seeking and keeping jobs and for human capital enhancement, and (c) improving labour market matching between the demand and supply sides (Table 1):

1. Incentives for retaining employment are based on financial incentives to employers to keep the employment relationship with workers in order to prevent and/or reduce employment outflow. Commonly used instruments to achieve these aims are (a) wage subsidies and non-wage labour cost reductions (such as taxes and contributions) and (b) short work schedules or work-sharing, which “incentivize employers to reduce labour costs along the intensive margin [number of hours per worker, author’s note] in contrast to the extensive margin [number of workers, author’s note] while fully or partly reimbursing workers for hours not worked”³. Such incentives are usually applied for a limited period (mostly during economic crises) and are oriented towards at-risk jobs, targeting “specific sectors, high unemployment areas or specific groups or workers”⁴. In short, the ultimate aim of these measures is to enable employers to keep employees (e.g. during negative business cycle periods) as well as to ensure job and income security for workers.⁵

¹Ibid, p. 10.

²Alessio J.G. Brown and Johannes Koettl, *Active Labor Market Programs: Employment Gain or Fiscal Drain? (Discussion Paper No. 6880)* (Bonn: IZA, 2012), p. 5.

³Ibid, p. 3.

⁴Ibid.

⁵Ibid.

ECONOMY & FINANCE

2. Incentives for creating employment are based on financial incentives for employers to create new jobs in order to increase employment inflow. The main instruments of these programs are wage and hiring subsidies and non-wage labour cost reductions, which are targeted at employment of labour market outsiders, especially the long-term-unemployed and disadvantaged workers with outdated skills, inactive persons and informal workers. In addition, self-employment and entrepreneurship incentives in the form of subsidies, grants and credits, as well as advisory services (training, counselling and mentoring) intended for unemployed and inactive persons, are also a part of job-creating measures.

3. Incentives for seeking and keeping a job are oriented towards the labour supply “by increasing the payoff from employment for workers”². Within these programs, various instruments - such as financial transfers and subsidies designed as income supplement (e.g. in-work benefits) or public works – are deployed in order to incentivise low-wage, unemployed, discouraged and inactive workers to seek formal employment. At the same time, these measures have a strong redistributive role and objectives. For example, despite the fact that public works are found to be cost-inefficient and do not result in intended effects in terms of employment, this measure is implemented as a part of social welfare programs with redistributive aims or, more precisely, income support and poverty reduction objectives for disadvantaged workers.³

4. Incentives for human capital enhancement are oriented towards the improvement of labour skills and competences for both employed and unemployed workers. Most prominent instruments are “labor market training and retraining in classrooms covering basic job skills (for example, languages, computer knowledge, and so on) or specific vocational skills (for example, advanced computer or technical skills) as well as on-the job training and

¹ Ibid.

² Ibid, p.4.

³ Ibid, p. 4–6.

ECONOMY & FINANCE

training vouchers”¹. These measures are widely applied as a part of ALMPs in Europe.²

5. Improved labour market matching³ is a form of brokerage between unfilled vacancies and job seekers or, in other words, employers and the unemployed.⁴ The main policy instruments within this measure are job search assistance, counselling, monitoring and employer intermediation services.⁵ This measure is primarily based on information sharing (on vacancies, calls, etc.), preparation for employment (for example, in terms of improving presentation and communication skills), guidance (orienting unemployed persons towards those jobs for which they have the needed skills and qualifications) and provision of other types of support to job seekers. Some of the main tools for achieving these aims are, for example, individual employment plans, career guidance, jobs clubs etc. Such interventions are usually considered ‘cheap’ and relatively effective.

In addition, youth-oriented programmes and programmes intended for persons with disabilities are recognized as separate measures in some classifications⁶.

¹Ibid, p. 6.

²Ibid.

³In some classifications, this measure is called ‘public employment services’. See, for example, Lehmann and Kluve, *Assessing Active Labor Market Policies in Transition Economies*, pp. 3–4.

⁴Brown and Koettl, *Active Labor Market Programs*, pp. 6–7.

⁵Ibid.

⁶Brown and Koettl, *Active Labor Market Programs*, p. 5.

ECONOMY & FINANCE

Table1: Classification of ALMP measures

Relevant instruments, target groups, and intended effects of ALMPs				
Target Area	Category (based on aims)	Instruments	Targeted Workers	Intended Effects
Labor demand	I. Provide incentives for retaining employment	Work sharing and short work	Insiders	– Reduce outflow from employment – Retain labor market attachment
		Wage subsidies		
	II. Provide incentives for creating employment	Hiring subsidies	outsiders	– Increase inflow into employment – Increase labor market attachment
		Business start-up support		
Labor supply	III. Provide incentives for seeking and keeping a job	In-work benefits, subsidies, tax credits	Insiders and outsiders	– Increase inflow into employment by strengthening work incentives – Reduce outflow from employment – Increase labor market attachment – Provide income support
		Public works	outsiders	– Increase inflow into employment by strengthening work incentives – Increase labor market attachment – Provide income support
		Activation and workfare	outsiders	– Increase inflow into employment by strengthening work incentives
		Sanctions		
	Iv. Provide incentives for human capital enhancement	on-the-job training	outsiders and insiders	– Increase inflow into employment – Increase productivity – Improve match quality
		Classroom training		
Labor market	v. Improved labor market	Job search assistance	outsiders	– Improve job search efficiency – Increase inflow into employment

ECONOMY & FINANCE

matching	matching	Employer intermediation services	outsider and insiders	– Improve job search efficiency – Improve match quality – Increase inflow into employment
		Counselling and monitoring	outsiders	– Improve job search efficiency – Increase inflow into employment
Note: "Insiders" refer to those who are recurrently employed, "outsiders" to the unemployed, long-term unemployed, discouraged, informal workers, and inactive persons.				

Source: Table taken from Brown and Koettl (2012)¹

3. UNEMPLOYMENT AS MAJOR LABOUR MARKET INDICATOR IN MACEDONIA

The unemployment is one of the major concerns in the Macedonian economy, reflecting mainly transitional issues, as well as the overall macroeconomic environment and changing requirements for contemporary skills on the market as global phenomena. However, it is worth to note the gradual decreasing trend of the unemployment in the last years, despite the global crisis impacts, that is due to several factors, including active labour market (ALM) measures, measures against grey economy, job creation in the new companies with foreign capital as well as gradual economic recovery.

The unemployment creates significant macroeconomic consequences, therefore reducing the unemployment must be between top priorities of the Government policies. The unemployment is negatively reflected over households' disposable income and their spending ability which reduces the domestic demand and hamper the economic growth. In addition, the unemployment induces social impacts resulting with increase in the income inequality and poverty. Performances of the corporate and the household sectors, particularly their financial potential, the level of income they generate and the level of indebtedness, have direct impact on the performances of financial institutions and the overall stability of the financial system. The favorable labour market

¹ Brown and Koettl, Active Labor Market Programs, p. 5.

ECONOMY & FINANCE

developments experienced in the last decade, contributed to accelerating the growth of disposable income, therefore enabling additional financing to the employed population. The increase of indebtedness of particular categories of the working population also highlights the importance of positive labour market conditions in terms of attaining stable employment and regular monthly payment of stable and feasibly growing net wages. There are strong efforts worldwide for strengthening policy and institutional capacity in dealing with the unemployment. In this regard, there is a strong orientation and support for ALM implementation considering their long term contribution on workers' skills and ability for job seeking, which is an important contribution relative to the passive labour market (PLM) measures which provide income support during the jobless time¹.

There are different types of ALM measures and many of them are oriented towards achieving different objectives – both economic and social. The variety of ALM measures allows for appropriate combination of measures in line with country specifics.

4. AN OVERVIEW OF LABOUR MARKET PERFORMANCE AND MEASURES IN MACEDONIA

Labour market in Macedonia face a number of challenges. They are characterised by deep structural imbalances and a high presence of structural unemployment in overall unemployment. The roots of such imbalances can be found in several factors, including a lack of regional mobility, deindustrialisation of these economies during the transition period and the resulting mass unemployment of low-skilled and hard-to-adapt labour, or weak links between education systems and industry requirements². Finally, there is a significant

¹National Bank of the Republic of Macedonia Developments in major labour market indicators and active labour market measures in dealing with unemployment: Evidence from Macedonia

²Mihail Arandarenko and Will Bartlett eds., *Labour Market and Skills in the Western Balkans* (Belgrade: FREN - Foundation for the Advancement of Economics, 2012); Mojsoska-Blazevski, *Challenges to Successful Employment Policy in the Region*; Kovtun et al., *Boosting Job Growth in the Western Balkans*.

ECONOMY & FINANCE

presence of the so-called grey economy, i.e. employment in informal labour markets¹.

In addition, is analysis made on active population and the activity rate in the Republic of Macedonia in the period from 2010 to 2017. Data are taken from the State Statistical Office of the Republic of Macedonia. (Table 2)

Table 2: Active population and activity rate in the Republic of Macedonia²

	Population	total	employed	unemployed	activity	employment rate	unemployment rate
2010	1,648,522	938,294	637,855	300,439	56.9	38.7	32.0
2011	1,656,215	940,048	645,085	294,963	56.8	38.9	31.4
2012	1,669,965	943,056	650,554	292,502	56.5	39.0	31.0
2013	1,672,460	956,057	678,838	277,219	57.2	40.6	29.0
2014	1,673,494	958,998	690,188	268,810	57.3	41.2	28.0
2015	1,676,659	954,924	705,991	248,933	57.0	42.1	26.1
2016	1,678,890	948,599	723,550	225,049	56.5	43.1	23.7
2017	1,679,462	952,644	734,043	218,601	56.7	43.7	22.9
2017	1,679,525	955,699	739,892	215,807	56.9	44.1	22.6

Source: State Statistical Office of the Republic of Macedonia

There is a significant portion of long-term unemployment in the structure of the total unemployment in Macedonia. The high unemployment rate is accompanied by steady low employment: in 2015, the employment rate is 42.1%, which means a low increase in employment compared to previous years.

From the data presented, a trend of steady increase in the employment rate was noticeable, which in 2010 was 38.7%, so that

¹ Ibid.

² Official site of the State Statistical Office of the Republic of Macedonia and the Ministry of Finance of the Republic of Macedonia.

ECONOMY & FINANCE

in the second quarter of 2017 it climbed to 44.1% and is the highest employment rate in the analyzed period. On the other hand, the unemployment rate was steadily declining during the analyzed period, and in 2010 it was the highest and amounted to 32%, and in the second quarter of 2017 it reached the lowest level of 22.6%, which is by almost 10% decrease in relation of 2010. The activity rate during the entire analyzed period ranges around 57%. In Macedonia, the unemployment rate has been slightly falling in the past few years and was 32% in 2010 and in the second quarter in 2017 it was 22.6%.

The main reasons for this situation with the reduction of unemployment are the active policies undertaken by the Government of the Republic of Macedonia in the analyzed period, primarily attracting foreign investments and opening jobs, but also the methodological approach of the State Statistical Office, which, as employees, is also considered by the persons who worked at least one hour in the reporting week, then the deletion from the list of unemployed for the beneficiaries of subsidies, which according to the law changes They are obliged to pay contributions. At the same time, some of the experts point out the emigration of young people as one of the reasons for this decline in unemployment.¹

5. ANALYSIS OF EMPLOYMENT AND UNEMPLOYMENT IN MACEDONIA

In Macedonia, official data for the unemployed are received from the Employment Agency and the Labor Force Survey conducted by the State Statistical Office. While official employment data are available from the Labor Force Survey conducted by the State Statistical Office and other publications of the Statistical Office.

In addition we will analyze the basic indicators of the labor market in Macedonia for the period 2000-2008, based on the data obtained from the Labor Force Survey conducted by the State Statistical Office (Table 3).

¹Radio Free Europe; Statistical gymnastics with unemployment, September 2015. <https://www.slobodnaevropa.mk/a/27253503.html>

ECONOMY & FINANCE

Working age population consists of the population between 15 and 65 years of age (15-80 until 2004).

Labor force is the sum of people registered as employed and people registered as unemployed.

Participation rate is the ratio of the labor force over the working age population.

Employment rate is the ratio of the number of people employed over the working age population.

Unemployment rate is the ratio of the number of people unemployed over the labor force.

Underemployed person is one if his/hers employment is unsuitable for the specific norms taking into account his/hers professional abilities (education and working experience).

Visible underemployment is one reflecting insufficient working hours.

Invisible underemployment is one reflecting low income, insufficient use of professional abilities, low productivity etc.

ECONOMY & FINANCE

Table 3. Basic labor market indicators in Macedonia: 2000-2008.

	2000	2001	2002	2003	2004	2005	2006	2007	2008
Working age	1,534,256	1,554,420	1,566,954	1,579,580	1,594,557	1,607,997	1,618,482	1,628,635	1,638,482
Employed	549,846	599,308	561,341	545,100	522,995	545,253	570,404	590,234	570,404
Unemployed	262,711	263,196	263,483	315,900	309,286	323,934	321,274	316,905	321,274
Labor force	812,557	862,504	824,824	861,000	832,281	869,187	891,678	907,139	891,678
Participation rate	53.00%	55.50%	52.64%	54.51%	52.20%	54.05%	55.09%	55.70%	55.09%
Employment rate	35.84%	38.56%	35.82%	34.51%	32.80%	33.91%	35.24%	36.24%	35.24%
Unemployment rate	32.30%	30.50%	31.94%	36.69%	37.16%	37.27%	36.03%	34.93%	36.03%
Working age growth	1.10%	1.30%	1.11%	0.81%	0.80%	0.95%	0.84%	0.65%	0.63%
Employment growth	0.80%	9.00%	9.00%	-6.14%	-2.89%	-4.06%	4.26%	4.61%	3.48%
Unemployment rate growth	0.50%	0.20%	0.11%	19.89%	-2.09%	4.74%	-0.82%	-1.36%	1.38%
Labor force growth	0.70%	6.10%	6.15%	4.11%	4.39%	-3.34%	4.43%	2.59%	1.73%

Source: LFS SSO.

We can see from the table 3 above that the unemployment rate declined from 2000 to 2001 and then began rising so that by 2005, the rate was higher than it was in 2000 and it was 37.27%. What is also interesting is that the participation rate is low and steady in Macedonia. The 50,000 newly employed in 2001 compared to 2000 increased the employment rate by 2.72 percentage points while the participation rate increased by 2.5 percentage points. Most of the 50,000 newly employed in 2001 were reservists engaged because of the crises in 2001¹.

¹ REPORT ON THE LABOR MARKET IN MACEDONIA, Center for Economic Analyses (CEA), Skopje February, 2010

ECONOMY & FINANCE

In the following section will be provided and analyzed data which refer to the gender representation on the labor market in Macedonia.

6. SELECTED LABOR STATISTICS IN MACEDONIA BY GENDER

Table 4. Basic labor market indicators in Macedonia: 2000-2008 (MALE).

MALE	2000	2001	2002	2003	2004	2005	2006	2007	2008
Working age	80592	72058	788189	91700	98134	806621	808522	814601	916772
Employed	39550	57266	42779	27300	20640	32179	51974	58835	73483
Unemployed	48994	49372	59144	91900	86223	91096	91856	89306	88222
Labor force	88544	606638	601923	19200	606863	23275	43830	48141	61705
Participation rate	2.59%	5.62%	3.68%	5.58%	3.51%	4.87%	7.26%	7.29%	1.27%
Employment rate	3.50%	6.27%	3.49%	1.34%	0.17%	1.18%	3.53%	4.05%	0.74%
Unemployment rate	0.50%	9.48%	1.71%	6.96%	6.74%	6.52%	5.28%	4.54%	3.51%
Working age growth	0.72%	3.02%	1.09%	2.09%	0.45%	0.81%	1.06%	0.24%	0.75%
Employment growth	-1.14%	0.46%	5.22%	-4.05%	-4.52%	-2.03%	3.60%	5.96%	1.95%
Unemployment growth	-5.78%	0.25%	6.54%	20.58%	-2.96%	2.62%	0.40%	-1.33%	-0.57%
Labor force growth	-2.11%	-1.53%	3.70%	-0.93%	3.44%	-2.38%	3.24%	3.93%	0.79%

Source: SSO

We can see from the table 4 above that the unemployment rate for male is steadily declining since 2003 starting from 36.96% and declining to 33.51% in 2008.

The unemployment rate among women in Macedonia presented in table 5 has gradually decreased since 2005 when it was 38.40% and in 2008 it decreased to 34.16%.

We can see from the data presented in table 4 and table 5 above that there is still gender inequality in the employment structure in Macedonia but the "gender employment gap" (difference between male employment rate and female employment rate) is declining steadily in the same period 2001- 2004.

ECONOMY & FINANCE

Table 5. Basic labor market indicators in Macedonia: 2000-2008 (FEMALE).

	2000	2001	2002	2003	2004	2005	2006	2007	2008
Working age	794333	782363	778765	787800	796423	801376	809960	814034	816569
Employed	210297	242042	218562	217800	202355	213074	218431	231399	235532
Unemployed	112717	113825	104339	124000	123063	132838	129418	127599	122187
Labor force	323014	355867	322901	341800	325418	345912	347849	358998	357719
Participation rate	40.66%	45.49%	41.46%	43.39%	40.86%	43.16%	42.95%	44.10%	43.81%
Employment rate	26.47%	30.94%	28.07%	27.65%	25.41%	26.59%	26.97%	28.43%	28.84%
Unemployment rate	34.90%	31.99%	32.31%	36.28%	37.82%	38.40%	37.21%	35.54%	34.16%
Working age growth	1.26%	4.44%	-1.51%	-0.46%	1.16%	1.09%	0.62%	1.07%	0.50%
Employment growth	4.72%	1.48%	15.10%	-9.70%	-0.35%	-7.09%	5.30%	2.51%	5.94%
Unemployment growth	9.10%	0.98%	-8.33%	18.84%	-0.76%	7.94%	-2.57%	-1.41%	-4.24%
Labor force growth	-2.03%	4.01%	10.17%	-9.26%	5.85%	-4.79%	6.30%	0.56%	3.21%

From the analysis we can conclude that the employment rate of men continuously over the years is higher than the employment rate of women. From Table 5 we can notice that the employment rate for women was the highest in 2001 when it was 30.94% and in the following period it declined and in 2008 it was 28.84%.

From Table 4 we see that the employment rate of men in the analyzed period declined so that in 2001 it was the highest and amounted to 46.27%, while in 2008 the employment rate for men was 40.74%.

Comparatively speaking, the difference in the employment rate between men and women is noticed in the analyzed period.

The situation is completely different when it comes to the inactive population, which is not included in the workforce, and here, men participate with 35%, while women with 65%, due

ECONOMY & FINANCE

primarily to family responsibilities and homework, in which it is included woman traditional values in society.¹

CONCLUSION

The unemployment in Macedonia has deep roots, related to the transition process of the economy, that contributed to the long term unemployment. However, in the last years there is a trend of unemployment decline, due to the several factors, but mainly to job creation in the new companies with foreign capital, and in line with active labour market measures and measures against grey economy. It can be noticed in the data shown, that the number of active able-bodied men is much greater than able-bodied active women. Similar is the situation with the employment rate, ie unemployment by gender, where there is still gender inequality in the employment structure in Macedonia but the “gender employment gap” (difference between male employment rate and female employment rate) is declining steadily in the same period 2001- 2004. From this paper we can conclude that the employment rate of men continuously over the years is higher than the employment rate of women. The economic cycle also contributed to these positive developments in the labor market. Special contribution is the analysis of the ALM measures implementation in Macedonia, considering their usefulness in improving the labour force and therefore the ability for providing a job. The active employment programs and measures and the persistent education reforms are one of the underlying factors for these positive developments on the labour market. The continuous application of such active labour market measures will result in more efficient filling of job vacancies, for which it is important to ensure adequate response to supply and demand of skills that is accomplished by sufficient flexibility of wages by activities and occupation. The

¹Nikica Mojsoska-Blazevski and State Statistical Office of Macedonia, International Labor Organization, Transfer of young women and men to the labor market in the former Yugoslav Republic of Macedonia; June 2016, p. 30
http://embargo.ilo.org/wcmsp5/groups/public/---ed_emp/documents/publication/wcms_524997.pdf

ECONOMY & FINANCE

analysis has shown that the ALM measures are in place since 2007 onwards, although had different dynamics across the years. The analysis has shown that the ALM measures are in place since 2007 onwards, although had different dynamics across the years. Impacts of the ALM measures in Macedonia is still difficult to evaluate, considering relatively short time of their use, non-regularity in some of them as well as different dynamics across the years. However, in order to appropriately assess the impacts of the ALM there is a need of a proper system of ex-post monitoring of the involved participants in order to have track on training participants and whether they have really improved the ability for job seeking after the training as well as the long term track on the established firms under self-employment and credit-financing measures. Evaluating impacts of the ALM so far should create a basis towards their better design in the future.

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ECONOMY & FINANCE

CONTEMPORARY ENTREPRENEURIAL APPROACHES FOR THE NEEDS OF THE LABOR MARKET - A REVIEW OF EXPERIENTIAL KNOWLEDGE IN MACEDONIA AND SEVERAL EUROPEAN COUNTRIES

Mimoza Serafimova¹
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Abstract

Lifelong learning is defined as an activity of learning through life, in order to improve knowledge, skills and abilities towards personal, civil, social and business perspectives. For a successful transition towards society and the economy based on knowledge, leading principle in the entire concept of learning and acquiring knowledge should be based on the process of lifelong learning.

One of the concepts related with lifelong learning and knowledge is the recognition and valuation of the learning based on experience. (*Recognition of prior learning - RPL*). The increased social importance of RPL reflects in the need for activating the entire knowledge in the society, based on knowledge, in the migration of the population, in the focus of the total increased representation of the elderly population, in the desire to increase the quality human capital and the creation of better possibilities for development of all the members of society. In following paper, systems of validation of informal and non-formal learning in several European countries and the concept of such systems will be presented.

The purpose of this Analysis is to contribute to the development of VNFIL (Validation of Non-formal and Informal Learning) process in Macedonia by offering a targeted comparative analysis of common European VNFIL models and practices with focus on EU countries. It also offers a closer look at the Macedonian validation context with focus on usage of local potentials and a possible role of the Centre for Adult Education (AEC) in this process.

Keywords: entrepreneurial approaches, informal and non-formal learning, competences, reference, standards, certification.

JEL Classification: G1, G11, G12

INTRODUCTION

Different forms of learning (formal, informal, non-formal) can't be reviewed isolated from the era of living, but as a parallel

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ECONOMY & FINANCE

complement form of lifelong learning, or as “Mix of learning”¹. Although this learning mix practically isn’t recognized enough, in the centre of attention more and more, is the importance of other, non-formal places of learning².

The non-formal places of learning that are different of the formal ones, have several significant advantages. Because they’re non-formal and the non-formal learning in context of the world is a need of the population from the real life, all people can constantly have their own learning and development of skills. The flexibility of the individuality of the learning situations enables entry for a large number of people that live in the reality of changes and needs, thus understanding the need of the unconventional biographies of learning³.

In order to support the meaning of the stated, we will enumerate the definitions of the European commission of informal and non-formal learning:

Non-formal learning:

“Learning, that doesn’t take place in general education or expert education schools, and which usually isn’t certified. At the same time, it’s systematic (regarding the goals, duration and learning resources), and from the point of view of the one who is learning, it’s often directed toward a certain goal”⁴.

Non-formal learning, regarding the education of the adults, concerns all contexts of learning, that aren’t externally (formally) planned, but from the point of view of the ones who are learning, are directed and conscious, and enable acquiring of knowledge. in order to keep up with the current knowledge during the profession and their constant update, leading discussions with coworkers and

¹Rauschenbach, T.; Leu, H.-R.; Lingenauber, S.; Mack, W.; Schilling, M.; Schneider, K.; Züchner, I. (2004):Non-formale und informelle Bildung im Kindes- und Jugendalter.Konzeptionelle Grundlagen für einen Nationalen Bildungsbericht. DJL München

²Rauschenbach, T. (2007):Im Schatten der formalen Bildung. Alltagsbildung als Schlüsselfrage der Zukunft in: Diskurs Kindheits- und Jugendforschung Heft 4-2007, S. 439-453

³Reichenbach, R. (2007):Soft skills: Destruktive Potentiale des Kompetenzdenkens in: Pongartz/Reichenbach/Wimmer (Hrsg.): Bildung – Wissen – Kompetenz. Bielefeld

⁴Reischmann, J. (2004):Kompetenz lehren? Kompetenz- und Performanz-Orientierung in der Andragogik zwischen Didaktik und Organisationsentwicklung.

ECONOMY & FINANCE

the mutual solving of professional problems, reading expert publications, seminars and visits of conferences, means a foregone ongoing process of non-formal education.

Informal learning:

“It’s a form of learning that takes place in the everyday life, the work place, the circle of family, or during vacation. It’s not (regarding the goals of learning, time of learning or the incentive) structured and usually it isn’t certified. Informal learning can be directed, but in most cases it’s unconscious or unintentional”¹

This primarily affects the individuality: constant new impressions, impulses and experiences, in order to develop the personal judgment and attitudes. This enables the individuals to “confirm themselves in the living and working environment, and in front of the people with their own opinions and conscience”.²

Therefore, the informal and non-formal learning are forms of self-organized learning.

In the last few years, the educational debate in formal and non-formal part, is strongly molded from the idea of competence. The reason of such development are primarily the changes regarding the knowledge in the “post modern world”. For example, in the area of informatics, the level of knowledge of the individuals, in several theme areas, has only limited stability. That’s why owning competences, which enable acting in unusual situations, and fresh information as well, is more and more important.

At the same time, the period of individualization of the society, learning, and education is headed towards the responsibility of the individual.³ The importance of the “soft skills” and interdisciplinary qualifications in this context is constantly increasing.⁴

¹ European Commission (2001): Commission Communication: Create a European area for lifelong learning. Brussels, pp 33

² European Commission (2001): Commission Communication: Create a European area for lifelong learning. Brussels, pp 35

³ Pries, M. (2004): Eine Art Zukunftspädagogik. Zur erziehungswissenschaftlichen Neuorientierung der Freizeitpädagogik im 21. Jahrhundert in: Deutsche Gesellschaft für Erziehungswissenschaft (Hrsg): magazine Erziehungswissenschaft – volumes 29 (2004) . 10 <http://dgfe.pleurone.de/zeitschrift/heft29/beitrag4.pdf>

⁴ Lipski, J. (2004): Für das Leben lernen: Was, wie und wo? Umriss einer neuen Lernkultur in: Hungerland, B./Overwien, B.: Kompetenzentwicklung im Wandel – Auf dem Weg zu einer informellen Lernkultur? Wiesbaden

ECONOMY & FINANCE

In order to confirm the education of the individual, until recently in the centre was the term “knowledge” and the research to what extent the skills and knowledge can be reproduced.¹

From the middle of the previous century gradually in the debate of the educational politics are included other dimensions of the goal set from foundations, like the ability for critical thinking, solving problems with certain skills and the ability of cooperation.²

This development continues in the 80s. Terms like “transferable key qualifications” or concepts like “to learn how to learn” become more and more popular. “This trend is finally improved with testing of programs from OECD which deal with so-called “life skills”, which should enable people to deal with the modern and future demands, the everyday demands in the private and professional life, as citizens and employees, and regarding the further lifelong learning”.³

Meanwhile, “development of competency” has become central concept in the international debate of education. The ministers of education of OECD (2001) consider the development of competences necessary for the society based on knowledge.

“Our goal consists in the fact that we will enable all the citizens to acquire competences-as basic qualifications and assumptions for further learning, and personal and social competencies, which are necessary for participation in society based on knowledge”.⁴

If the non-formal and informal learning are reviewed in context of education for adults from one, and as aspect of professional development from other side, the personal responsibility and the responsibility towards the own organization gain disproportional meaning.

¹ Reichenbach, R (2007): Soft skills: Destruktive Potentiale des Kompetenzdenkens in: Pongartz/Reichenbach/Wimmer (Hrsg.): Bildung – Wissen – Kompetenz. Bielefeld

² Tully, C. (2004): Lernen im Wandel – Auf dem Weg zu einer Lernkultur der Informationsgesellschaft? In: Hungerland/Overwien: Kompetenzentwicklung im Wandel. Wiesbaden

³ Klieme, E. (2004): Was sind Kompetenzen und wie lassen sie sich messen? Auszug aus Pädagogik 6 (2004), S. 10-13

⁴ Kaiser, R. (2007): Informelles Lernen – informelle Lerner in: Kaiser, A./Kaiser R./Hohmann R.: Lerntypen - Lernumgebung – Lernerfolg. Bielefeld. pp 11

ECONOMY & FINANCE

“Non-formal learning is characterized with the fact that the individual, based on the acting on the problem or interest, which he himself has set, and which he considers relevant, sets goals(learning), for which realization he develops a working plan, or learning activities, independently implements them, while deciding how to deal with the difficulties that will appear, and finally confirms when he will consider the such adopted competences favorable for realization of the learning goal”.¹

1. GLOBAL PERSPECTIVE OF EUROPEAN MODELS AND PRACTICES

The main goal of the concepts related to lifelong learning and knowledge, beside the recognition and valuation of the learning based on lifelong experience, is to support this form of acquiring competences and those who have acquired competences in informal or non-formal way, and their valuation and recognition in a valid, certified way.

The last decade is a period of numerous debates for different accesses toward confirmation of the non-formal and informal learning and their factors for success. The biggest problem for recognition of the experiential learning is its implementation in the qualification framework on European and national level. On the seminar for recognition of experiential learning “Quality and implementation of the procedures in the higher education (*Recognition of Prior Learning: Quality Assurance and Implementation of Procedures in Higher Education*), held in Amsterdam in December, 2008., the question of how to achieve recognition of experiential knowledge, initiated responses and suggestions formed as-use of the learning results, the importance of building a qualification framework, the importance of including different affected sides in partnership with the higher education and defining the education qualifications and their educational validation, implementation of mutual principles and directions for recognition of experiential knowledge on European and national

¹ Education ministers of the OECD (2001): Investing in competencies for all. Paris, pp. 3

ECONOMY & FINANCE

level and forming centers of development of experiential knowledge.¹

The use of the term “Assessment of Prior Experiential Learning – APEL has been accepted. With the recommendation of the European Parliament and the Council of the European Union of the 23rd April, 2008, a short term has been set for the states-members of the EU, until the end of 2010, to form a related system of the national qualification framework with the Europeans. The same recommendation states that until 2012, each state-member should secure enablement of all the individual certificates and qualifications which bring reference of a certain EQF level, or, each individual qualification has to be described from measurable indicators of the appropriate levels.²

On 3rd October, 2013, was adopted the Law of the National framework of qualifications, which edits the levels and sublevels of qualifications, types and volume of qualifications, authorities for suggesting, adopting and classifications of the qualifications, authorized institutions that will act accordingly to this Law, and the association of the National framework of qualifications with the European framework of qualifications and the quality framework of the European space of the higher education.

2. EXAMPLES OF SOME EUROPEAN STATES FOR THE FUNCTION OF THE SYSTEM OF VALIDATION OF NON-FORMAL AND INFORMAL LEARNING

- Portugal

The Portuguese system for the validation of non-formal and informal learning is based on a Referential of Key Competences. This referential provides standards used to assess the portfolio of competences of each adult in order to achieve a certification.

The system was created mainly to address the issue of the very low levels of qualification (both educational and professional) of the Portuguese population. General education certification was the

¹<http://www.asme.org/shop/certification-and-accreditation/nuclear-quality-assurance-nqal-certification>

² <http://www.dundee.ac.uk/academic/apel.htm>

ECONOMY & FINANCE

priority in the first years of the system and this is still what generates the most demand from the Portuguese population.

For the purposes of general education, the referential is organised into four areas of competence: mathematics, ICT, Language/Communication and Citizenship/Employability. These, in turn, are divided into three levels of certification:

B1 – four years of school,

B2 – six years of school and

B3 – nine years of school. As of June 2007,

the system integrates a B4 level, equivalent to 12 years of schooling. This is a more complex standard organised across three areas and 88 themes.

The system now also integrates the certification of professional competences. For the moment, the scope of this sub-system is limited to those professions where the standards of competences are available. The system has the objective of promoting an integrated approach between school and professional certification. (PLA on validation of non-formal and informal learning for VET teachers and trainers – Summary Report, 14-17 January 2008, Lisbon, Portugal, pp 16)¹

Some countries concentrate on the process of identifying and documenting non-formal and informal learning, for purposes of better employability or professional appraisals (DE), without necessarily leading to a qualification.

(Source – Portuguese presentations during the PLA, PLA on validation of non-formal and informal learning for VET teachers and trainers – Summary Report, 14-17 January 2008, Lisbon, Portugal, pp 52)²

- Germany

According to the German national report, the large variety of practices and programmes for validating non-formal and informal learning in VET being developed can be distinguished according to their main target audience:

¹ PLA on validation of non-formal and informal learning for VET teachers and trainers – Summary Report, 14-17 January 2008, Lisbon, Portugal, pp 16

² PLA on validation of non-formal and informal learning for VET teachers and trainers – Summary Report, 14-17 January 2008, Lisbon, Portugal, pp 52

ECONOMY & FINANCE

a) Practices for the individual documentation of competencies that support people in assessing their personal professional profile and in planning their career

Most initiatives are oriented towards specific target groups like pupils, employees, migrants, disadvantaged youths, women returning to the labour market, persons planning a different professional career etc.

b) Practices for the assessment and documentation of competencies applied in companies / businesses

Most practices in this field are ad-hoc and either related to the hiring procedure, the human resource development approach or the preparation of job references. Usually the application of these instruments and its impact on the pay scale is regulated individually within each company.

c) Practices for the documentation of competencies focusing on their integration into the national VET system

There are a number of sector-based practices in the field of further or continuing VET (CVET). Their frames of reference are more or less closely related to existing occupational profiles, they follow the lines of credit systems in higher education and a step-by-step, modular design. (PLA on validation of non-formal and informal learning for VET teachers and trainers – Summary Report, 14-17 January 2008, Lisbon, Portugal, pp 17)¹

Countries also encourage non-formal learning and informal learning by making it a pre-requisite for the award of certain qualifications (i.e. learners have to have a period of on-the-job training to obtain a qualification). Such practices can also necessitate the identification and documentation of the learning outcomes acquired. (Source – German report – see Annex C) PLA on validation of non-formal and informal learning for VET teachers and trainers – Summary Report, 14-17 January 2008, Lisbon, Portugal, pp 33)²

¹ PLA on validation of non-formal and informal learning for VET teachers and trainers – Summary Report, 14-17 January 2008, Lisbon, Portugal, pp 17

² Source – German report – see Annex C) PLA on validation of non-formal and informal learning for VET teachers and trainers – Summary Report, 14-17 January 2008, Lisbon, Portugal, pp 33

ECONOMY & FINANCE

- Slovenia

The Slovene report notes that one of the methods for the assessment and recognition of non-formal and informal learning leading to publicly recognised qualifications is through:

- **Formal education programmes which incorporate work practices in cooperation with an external provider** (e.g. individual and collective learning contracts, which are the successors of the previous dual system). To illustrate this: during the period from 1997/98 to 2005/06, 8,852 apprentices accounting for 4% of the entire population enrolled into different vocational education programmes in the dual system of education; woodworking, car mechanics, hairdressing and catering were among the more popular choices.

Furthermore, in 2007, the legislation in VET introduced the possibility to use validation processes in schools for youth and also for adults. Validation processes can be used any way schools decide. The primary aim of validation for young students is to encourage them to be professionally active and to enable them having their on-the-job experience recognised as a part of their learning requirements.¹

3. NATIONAL PERSPECTIVES OF EUROPEAN MODELS AND PRACTICES

The Republic of Macedonia as an EU candidate country has been making a continuous and significant progress towards aligning its education with the European education policies and standards. This includes a relatively new development, namely the validation of non-formal and informal learning (VNFIL), is a new process currently being developed by the Macedonian Center for Adult Education (AEC) and the European Training Foundation (ETF), which in common with other relevant stakeholders create the development for validation of formal and informal learning in Macedonia.

¹ Source – Slovene report – Annex in PLA on validation of non-formal and informal learning for VET teachers and trainers – Summary Report, 14-17 January 2008, Lisbon, Portugal, pp 54

ECONOMY & FINANCE

The Ministry of Education and Science (MoES) steers and actively participates in a number of related legislative, strategic and operative initiatives, such as the development of the Macedonian Qualifications Framework (MQF) and its referencing to the European Qualification Framework (EQF).

4. VALIDATION OF NON-FORMAL AND INFORMAL LEARNING IN EU AND RECOMMENDATIONS FOR MACEDONIA

The legal framework of qualifications in the Republic of Macedonia will be reviewed in the following part:

In the Macedonian framework of qualifications, there are eight levels and six sublevels:

level I affects the completed basic education, and the participants acquire a certificate, and in the non-formal education and training it affects the knowledge and skills for functional literacy and numeric skills and the participants acquire a certificate.

level II affects the expert training in duration of two years and the participants acquire a certificate for expert training, and in the non-formal education and training it affects the trainings for acquiring qualifications or part of qualifications (level of complexity 1 and 2 accordingly the standards of occupation) and the participants acquire a certificate.

level III affects the expert education for occupation, in duration of three years and the participants acquire a diploma, and in the non-formal education and training it affects trainings for acquiring of qualifications or part of qualifications (level of complexity 3, accordingly the standards of occupation) and the participants acquire a certificate. The students with special educational needs for level III educate four years and acquire a diploma.

level IV affects the gymnasium education, technical education and the artistic education in duration of four years, and the participants acquire a diploma, and in the non-formal education and training it affects trainings for acquiring qualifications or part of qualifications (level of complexity 4 accordingly the standards of occupation) and the participants acquire certificates. Students with special educational needs for level IV educate five years and acquire a diploma.

ECONOMY & FINANCE

level V sublevel VB affects the post-middle education (specialist education and major exam) and the participants acquire a diploma for specialist education and diploma for major exam.

level V sublevel VA affects the short expert study programs in the higher education and the participants acquire a certificate.

level VI sublevel VIB and VIA affects undergraduate studies in duration of three and four years, and the participants acquire a diploma.

level VII sublevel VIIA and VIIB affects masters and specialist studies and the participants acquire a diploma.

level VIII affects doctor studies and the participants acquire a diploma.

The expert qualifications acquired non-formally are valued and confirmed from an expert commission formed by the Sector commissions. The expert evaluation and confirmation means evaluation of the proofs and evaluation of the practical skills and knowledge. A certificate is proof of acquired expert qualification.

The Sector Commission of qualifications has a president and eight members: one member of the authorized Ministry, Ministry of education and science, association of employers from the appropriate sector, representative syndicate of the employees from the appropriate sector, the universities, the Center of expert education and training, Center for adult education, Bureau of development of the education and the authorized body for regulated professions (law chamber, medical chamber, engineers' chamber, etc.). This law is applicable from September 30, 2015.¹

CONCLUSION

The analyzed experiences for validation of non-formal and informal learning in some of the states of EU reveal that the national contexts of the states could be very heterogenic regarding the different characteristics of validation, from the levels of identification, valuation and certification, but also the stadium of development of the process, even in the use of different meaning of the terms in different states.

But, the imposed consistent need, and the foregone development of these types of individual learning for following

¹ Official Gazette of RM no. 137, 07.10.2013

ECONOMY & FINANCE

the needs and problems, will unconditionally initiate permanent upgrades of the systems and law frameworks. The exchange of experiences, especially with the states with longer history from the one of The Republic of Macedonia, will significantly contribute for increase of the efficiency of this system of validation.

Specific to Macedonian context of validation of non-formal and informal learning

- Macedonia is steadily progressing towards aligning its education with the European standards and guidelines. It has completed the process of referencing its National Qualifications Framework to the EQF and has started the process of participatory design of VNFIL that is led by the AEC and the ETF and fully based on European guidelines and standards.

- Following European standards, it is important that Macedonia designs its VNFIL process with due respect to the existing education structures, with realistic planning of resources and optimal usage of local potentials and capacities.

- The main issues to be addressed are closing the gap between demand and supply of labour, fostering LLL, employment of adults and validation of their employment relevant qualifications.

- It is crucial to ensure equivalence of VNFIL certificates with those obtained from formal education, based on transparent quality assurance procedures and usage of learning outcomes in all VNFIL procedures, and a transparent and well elaborated VNFIL process.

- Optimal usage of local capacities and potentials will be crucial for creating sustainable VNFIL solutions in Macedonia. Thereby,

- the Adult Education Centre as a public AE institution has both, strategizing and coordinating capacities and could act as a main hub for validation of non-formal and informal learning. The AEC has interest and capacities to act a main VNFIL promoter in the country, recruit and coordinate capacity development of counsellors, assessors and validation commissions, keep and update registers of validation providers,

ECONOMY & FINANCE

counsellors and assessors, and significantly contribute to stakeholder coordination,

- other public bodies (Centre for VET, State Examination Centre) have capacities to share their vast experiences to support the validation process (networks, experiences, procedures, templates),

- Economic Chambers and Association of Employers have capacities to enable contact with employers for validation purposes,

- other national bodies (National LLL Centre, National Agency for European Educational Programmes and Mobility) have capacities to actively support the VNFIL development and implementation through their projects, networks, events and expertise,

- VNFIL information offices could partly use structures already offering related guidance and information, such as agencies and NGOs, and

- VNFIL career centres should lean on existing career centres in VET schools or within projects/NGOs.

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ECONOMY & FINANCE

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BUSINESS EDUCATION AND QUALITY ASSURANCE

METHODOLOGY FOR HIGHER EDUCATION QUALITY ASSESSMENT BASED ON OUTCOMES ASSESSMENT

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Abstract

Universities have mission for permanent implementation of quality improvement measures as a way to achieve high professional and academic standards. In order to achieve this goal, universities use outcomes assessment as a way to measure institutional effectiveness and as the effective technique for identifying where changes and improvements are necessary. In this paper we provide outcomes assessment plan as a comprehensive methodology for quality assurance. Such a methodology provides an efficient evaluation of students attitude towards curricula and the instructors efficiency, implementation of measures for quality assurance as well as assessment analysis and action planning, and finally directives for monitoring changes and improvements made as a result of action planning.

This approach enable institutions to check and compare student academic results performed at each course with additional measures that analyses whole study program and student effectiveness to use received knowledge at University on practical situation. Methodology implementation enhance students responsibility not only for passing individual exams, but also to remember passed courses longer and to generate practical experience for solution of practical problems. Moreover, this can also be used as a strong marketing instrument for enrollment of new student, due to public awareness that University use comprehensive methods to check what the students learn, and additional measure that students will learn what they need to know to obtain personal success and fulfill their public responsibilities in the twenty-first century.

Keywords: evaluation, education, direct measure, indirect measure, surveys.

JEL classification: A2, A22

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BUSINESS EDUCATION AND QUALITY ASSURANCE

INTRODUCTION

University of Tourism and Management in Skopje (UTMS) has a mission to provide quality in education, equal to those of the best schools in Europe and all over the world, where students are prepared to successfully incorporate themselves in the highly competitive and ever-changing business market. Moreover, we strive to implement continuous quality in all aspects of the University, thus being a role model to our students and to be distinguished by its excellence in study methodology, high quality learning environment, its passion for innovation and its readiness to accept challenges in its educational mission.

The mission of the UTMS is to foster academic excellence and student achievement at both the graduate and undergraduate levels in the field of tourism, economy, entrepreneurship, human resources management and marketing management. Students are provided with a strong academic foundation with access to various specialized knowledge bases and they are prepared to become productive, competent professionals, and responsible citizens in the diverse, dynamic global arena.

The task of this research is to present development of Outcomes Assessment Plan (OAP) in order to have detailed plan how to provide best quality education for its students.

In order to determine OAP, in the first phase of OAP development institution need to define Broad-based goals. They consist of broad-based student learning goals and broad-based operational goals. University needs to define at least three goals for each category.

We present goals determined from UTMS as follows:

- Learning Goal 1 Students will acquire the knowledge and skills that are appropriate to their program of study.
- Learning Goal 2 Students will be able to synthesize business knowledge and appropriate decisions based on relevant tools and analysis.

BUSINESS EDUCATION AND QUALITY ASSURANCE

- Learning Goal 3 Students will acquire effective written and oral communication skills, computation and informational literacy.
- Operational Goal 1 The Business unit (UTMS) will provide a supportive environment that foster students' success and contributes to excellence in business education
- Operational Goal 2 The Business unit (UTMS) will ensure quality instructions as well as continuous improvement in programs and curricula and academic excellence
- Operational Goal 3 The Business unit (UTMS) will provide students with a quality learning experience and excellent customer service.

Next phases of OAP development consist of development of student learning assessment both for bachelor and master level programs, operational assessment and linkage of outcomes assessment with strategic planning and budgeting (IACBE, Accreditation Manual).

In this paper we present developed Outcomes Assessment Plan at the Faculty of Economics. Institution needs to determine system of two direct or two indirect measures as methodology for assessment, in order for evaluation of students, but same methodology can be implemented on whole University on other faculties. This type of the assessment can be considered as a single, standardized process for the whole institution.

We also present results of implementation of Assessment Instruments for Intended Student Learning Outcomes— Direct Measures of Student Learning: Bachelor and Master Thesis defense.

UTMS uses reactive mode of outcomes assessment, which means that results take place first, and it is the results that are assessed followed by a determination of whether changes and improvements are needed. After analyzing the information gathered from the assessment of the outcomes, UTMS prepares Action Plans to address the changes and improvements that are needed. UTMS is

BUSINESS EDUCATION AND QUALITY ASSURANCE

aware that successfully executed action plans will result in desired outcomes.

The Faculty of Economics at the UTMS, uses OAP to ensure additional control of the quality of study that offers to its students, and to foster its accountability to its students, faculty, support staff, and business community. This will help to check and compare student academic results performed at each course with additional measures that analyses whole study program and student effectiveness to use received knowledge at University on practical situation and case studies. Students will also be fully aware that they will have additional check of their individual knowledge at the end of each academic year (instrument – Bachelor and Master thesis defense). This will enhance their responsibility not only for passing individual exams, but also to remember passed courses longer and to generate practical experience for solution of practical problems.

This will also have strong impact among the public's expectations of higher education. This can also be strong marketing instrument for enrollment of new student, because public in Macedonia and neighbor countries will be aware that UTMS use comprehensive methods to check what the students learn, and additional measure that students will learn what they need to know to obtain personal success and fulfill their public responsibilities in the twenty-first century.

The core purpose of implementation of OAP is to enhance the functioning of the Faculty of Economics and to provide additional tools to check student learning outcomes. UTMS hopes that this will create a more unified and dynamic student body in accordance with the standards of the international business community. University goal is to accomplish three broad based goals: to assist learning, to measure individual achievement and to evaluate previously designed programs. It should also build a basis for the Business programs to evolve and improve with greater satisfaction from students, faculty, staff and business.

This paper is organized in several sections. In section I we present student learning assessment both for bachelor and master level programs, in section II are research findings from evaluation

BUSINESS EDUCATION AND QUALITY ASSURANCE

of 80 students on bachelor level and 80 students at master level during their thesis defense. We give short explanation of operational assessments instruments and in next section is explanation of linkage of outcomes assessment with strategic planning and budgeting. Finally we present conclusion of our research.

1. STUDENTS LEARNING ASSESSMENT

UTMS has declared mission that want to provide the highest quality learning experience for its students within its means. UTMS focus on achieved student learning is critical not only to promoting and improving effective curriculum and co-curricular learning experiences and programs, but also to enhance the public perception of the value of higher education.

This new Methodology required first to determine Program Intended Student Learning Outcomes (Program ISLOs). University believes that they need to be in accordance to business sector expectations to receive strongly qualified graduates and to employ only employees with strong academic and professional knowledge. The measures planned with SLA will also ensure that UTMS graduates have the skills and knowledge necessary to help their companies succeed in a competitive, global environment.

In this part we present for both six bachelor and master level Program ISLOs as well Assessment Instruments for Intended Student Learning Outcomes and Performance Objectives (Targets/Criteria) for Determined Measures as follows:

- Program Learning Outcome 1: Graduates of the Faculty of Economics programs will know the core areas of business: accounting, management, marketing, economics and finance in a global context. Broad-Based Student Learning Goals Associated with this Outcome: Students will acquire the knowledge and skills that are appropriate to their program of study. Key Learning Outcomes for Bachelor's-Level Business Programs to which this Outcome is Linked: Graduates of bachelor's-level programs in business should be able to explain the major concepts in the

BUSINESS EDUCATION AND QUALITY ASSURANCE

functional areas of accounting, marketing, finance, and management

- Program Learning Outcome 2: Graduates of the Faculty of Economics programs will be able to formulate an integrated knowledge of the functions and systems of business. Broad-Based Student Learning Goals Associated with this Outcome: Students will be able to synthesize business knowledge and appropriate decisions based on relevant tools and analysis. Key Learning Outcomes for Bachelor's-Level Business Programs to which this Outcome is Linked: Graduates of bachelor's-level programs in business should be able to evaluate the legal, social, and economic environments of business.

- Program Learning Outcome 3: Graduates of the Faculty of Economics programs will be able to use strong interpersonal and communication skills necessary to succeed in the business environment. Broad-Based Student Learning Goals Associated with this Outcome: Students will acquire effective written and oral communication skills, computation and informational literacy. Key Learning Outcomes for Bachelor's-Level Business Programs to which this Outcome is Linked: Graduates of bachelor's-level programs in business should be able to construct and present effective oral and written forms of professional communication.

- Program Learning Outcome 4: Graduates of the Faculty of Economics programs will be able to use strong technological skills including the use of the Internet, word processing, spreadsheets, and presentation software in companies and organizations. Broad-Based Student Learning Goals Associated with this Outcome: Students will acquire effective written and oral communication skills, computation and informational literacy. Key Learning Outcomes for Bachelor's-Level Business Programs to which this Outcome is Linked: Graduates of bachelor's-level programs in business should be able to apply decision-support tools to business decision making

- Program Learning Outcome 5: Graduates of the Faculty of Economics programs will be able to demonstrate the capability of applying business concepts to real world projects. Broad-Based Student Learning Goals Associated with this Outcome: Students

BUSINESS EDUCATION AND QUALITY ASSURANCE

will be able to synthesize business knowledge and appropriate decisions based on relevant tools and analysis. Key Learning Outcomes for Bachelor's-Level Business Programs to which this Outcome is Linked: Graduates of bachelor's-level programs in business should be able to apply decision-support tools to business decision making

- Program Learning Outcome 6: Graduates of the Faculty of Economics programs will be able to perform effectively and efficiently in business managerial positions. Broad-Based Student Learning Goals Associated with this Outcome: Students will be able to synthesize business knowledge and appropriate decisions based on relevant tools and analysis. Key Learning Outcomes for Bachelor's-Level Business Programs to which this Outcome is Linked: Graduates of bachelor's-level programs in business should be able to apply knowledge of business concepts and functions in an integrated manner.

Student Learning Assessment for (Master's-Level Program Economics) are determined as follows:

- Program Learning Outcome 1: Graduates of the Faculty of Economics, master's-level program will articulate and defend the significance and implications of the analytical approach in terms of problems and challenges, trends and/or developments in a social or global context. Broad-Based Student Learning Goals Associated with this Outcome: Students will acquire the knowledge and skills that are appropriate to their program of study. Key Learning Outcomes for Master's-Level Business Programs to which this Outcome is Linked: Graduates of master's-level programs in business should be able to recognize problems.

- Program Learning Outcome 2: Graduates of the Faculty of Economics, master's-level program will be able to integrate theory and practice for the purpose of strategic analysis. Broad-Based Student Learning Goals Associated with this Outcome: Students will acquire the knowledge and skills that are appropriate to their program of study. Key Learning Outcomes for Master's-Level Business Programs to which this Outcome is Linked: Graduates of master's-level programs in business should be able to integrate theory and practice for the purpose of strategic analysis.

BUSINESS EDUCATION AND QUALITY ASSURANCE

- Program Learning Outcome 3: Graduates of the Faculty of Economics, master's-level program will know to conduct quantitative and qualitative business analysis of financial statements for financial accounting and performance, as well as operational management, to enhance managerial decision-making. Broad-Based Student Learning Goals Associated with this Outcome: Students will be able to synthesize business knowledge and appropriate decisions based on relevant tools and analysis. Key Learning Outcomes for Master's-Level Business Programs to which this Outcome is Linked: Graduates of master's-level programs in business should be able to employ and apply quantitative techniques and methods in the analysis of real-world business situations

- Program Learning Outcome 4: Graduates of the Faculty of Economics, master's-level program will communicate using the advanced oral and written communication skills necessary for success in the economic environment. Broad-Based Student Learning Goals Associated with this Outcome: Students will acquire effective written and oral communication skills, computation and informational literacy. Key Learning Outcomes for Master's-Level Business Programs to which this Outcome is Linked: Graduates of master's-level programs in business would communicate to relevant audiences; graduates should be able to:

- a. Compose clear, consistent, and effective written forms of communication;

- b. Compose and present effective oral business presentations.

- Program Learning Outcome 5: Graduates of the Faculty of Economics, master's-level program will be able to design and implement a business strategic plan working within a team environment. Broad-Based Student Learning Goals Associated with this Outcome: Students will be able to synthesize business knowledge and appropriate decisions based on relevant tools and analysis. Key Learning Outcomes for Master's-Level Business Programs to which this Outcome is Linked: Graduates of master's-level programs in business should work effectively with a team of colleagues on diverse projects.

BUSINESS EDUCATION AND QUALITY ASSURANCE

Assessment Instruments for Intended Student Learning Outcomes need to provide Direct Measures of Student Learning and Performance Objectives (Targets/Criteria) for Direct Measures:

Direct Measure 1 Comprehensive examination: Master/Major Field Test-Business

Program ISLOs Assessed by this Measure: List of Outcomes

Graduates of the Faculty of Economics, master's-level program will know to conduct quantitative and qualitative business analysis of financial statements for financial accounting and performance, as well as operational management, to enhance managerial decision-making.

Objective (Target/Criterion) for Direct Measure 1: A random sample of a minimum of ten (10) master students will score at least 70% in the master comprehensive examination.

Direct Measure 2 Master Thesis defence

Program ISLOs Assessed by this Measure: List of Outcomes

- Graduates of the Faculty of Economics, master's-level program will articulate and defends the significance and implications of the analytical approach in terms of problems and challenges, trends and/or developments in a social or global context.

- Graduates of the Faculty of Economics, master's-level program will be able to Integrate theory and practice for the purpose of strategic analysis

- Graduates of the Faculty of Economics, master's-level program will know to conduct quantitative and qualitative business analysis of financial statements for financial accounting and performance, as well as operational management, to enhance managerial decision-making.

- Graduates of the Faculty of Economics, master's-level program will communicate using the advanced oral and written communication skills necessary for success in the economic environment.

- Graduates of the Faculty of Economics, master's-level program will be able to design and implement a business strategic plan working within a team environment

BUSINESS EDUCATION AND QUALITY ASSURANCE

- Graduates of the Faculty of Economics, master's-level program will know to act in a manner that reflects their appreciation and understanding of their legal and ethical responsibilities in a professional environment.

Objective (Target/Criterion) for Direct Measure 2: 75% of students achieve satisfactory or higher level on this program outcome.

University also need to determine Assessment Instruments for Intended Student Learning Outcomes- Indirect Measures of Student Learning:

Indirect Measure 1 Student Satisfaction Inventory Questionnaire

Program ISLOs Assessed by this Measure: List of Outcomes

- Graduates of the Faculty of Economics, master's-level program will know to conduct quantitative and qualitative business analysis of financial statements for financial accounting and performance, as well as operational management, to enhance managerial decision-making.

- Graduates of the Faculty of Economics, master's-level program will communicate using the advanced oral and written communication skills necessary for success in the economic environment.

Indirect Measure 2 Graduate Survey

Program ISLOs Assessed by this Measure: List of Outcomes

- Graduates of the Faculty of Economics, master's-level program will know to conduct quantitative and qualitative business analysis of financial statements for financial accounting and performance, as well as operational management, to enhance managerial decision-making.

- Graduates of the Faculty of Economics, master's-level program will articulates and defends the significance and implications of the analytical approach in terms of problems and challenges, trends and/or developments in a social or global context.

- Graduates of the Faculty of Economics, master's-level program will communicate using the advanced oral and written

BUSINESS EDUCATION AND QUALITY ASSURANCE

communication skills necessary for success in the economic environment.

- Graduates of the Faculty of Economics, master's-level program will be able to design and implement a business strategic plan working within a team environment

- Graduates of the Faculty of Economics, master's-level program will know to act in a manner that reflects their appreciation and understanding of their legal and ethical responsibilities in a professional environment.

Performance Objectives (Targets/Criteria) for Indirect Measures are:

Objective (Target/Criterion) for Indirect Measure 1: On the survey instrument , at least 60% of respondents indicated “4” or “5” to the statements C (Contributions from your studies)

Objective (Target/Criterion) for Indirect Measure 2:

- On the survey instrument , at least 60% of respondents indicated “4” or “5” to the statements A1 (General Knowledge Area and General Business Knowledge Area)

- On the survey instrument , at least 60% of respondents indicated “4” or “5” to the statements B1 (Cognitive learning Skills Area)

- On the survey instrument, at least 60% of respondents indicated “4” or “5” to the statements B2 (Professional Behavior Characteristics Area)

- On the survey instrument, at least 60% of respondents indicated “4” or “5” to the statements C1 (Professional Attitudinal Characteristics Area)

2. EMPIRICAL RESEARCH

University of Tourism and Management in Skopje (UTMS) has conducted evaluation of student performance using direct measures: Bachelor and Master thesis defence. We will present the results collected from 80 observations on Bachelor Thesis defense as well 80 defense of Master thesis.

In accordance with list of outcomes Evaluation rubrics were determined and distributed among professors in order to evaluate

BUSINESS EDUCATION AND QUALITY ASSURANCE

students' performances. Having in mind that 3 professors are in Committee for Bachelor and Master thesis we asked professors to determine one result for each learning outcomes that was leveled from 1 (No Knowledge) to 5 (Very knowledgeable).

We first present results of evaluation of learning outcome for Bachelor thesis defense on following four figures:

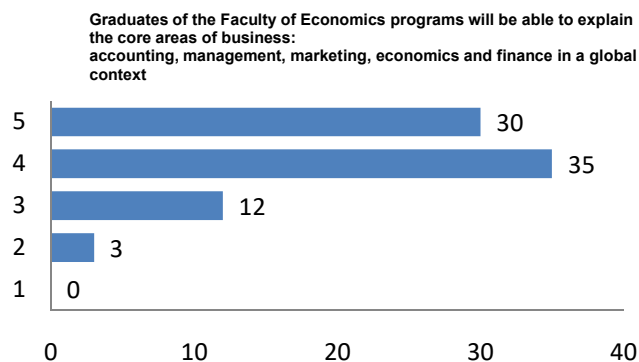


Figure 4. Ability to explain the core areas of business: accounting, management, marketing, economics and finance in a global context

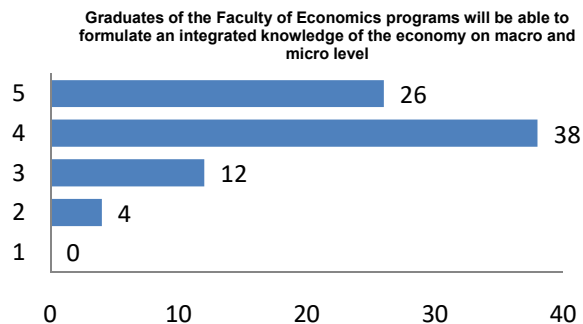


Figure 2. Students' ability to formulate an integrated knowledge of the economy on macro and micro level

BUSINESS EDUCATION AND QUALITY ASSURANCE

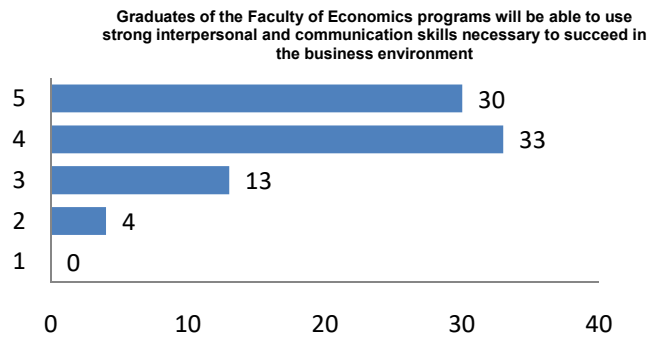


Figure 3. Students ability to use strong interpersonal and communication skills necessary to succeed in the business environment

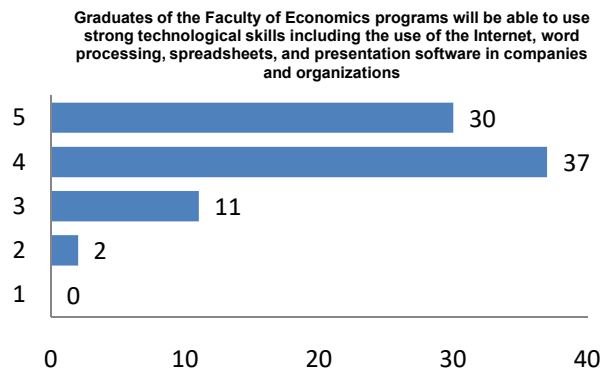


Figure 4. Students ability to use strong technological skills including the use of the Internet, word processing, spreadsheets, and presentation software in companies and organizations

We have used the same sample (80 students) for evaluation of student learning outcomes by using direct measure – Master thesis defense.

BUSINESS EDUCATION AND QUALITY ASSURANCE

Results of professors' evaluation are presented on five figures below:

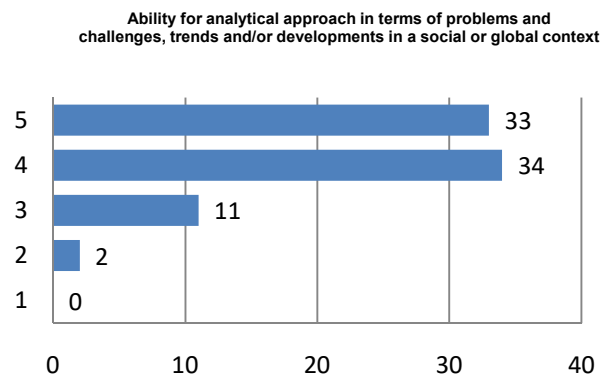


Figure 5Ability for analytical approach in terms of problems and challenges, trends and/or developments in a social or global context

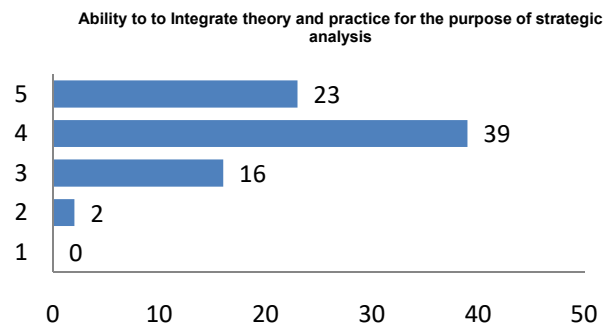


Figure 6.Ability to to Integrate theory and practice for the purpose of strategic analysis

BUSINESS EDUCATION AND QUALITY ASSURANCE

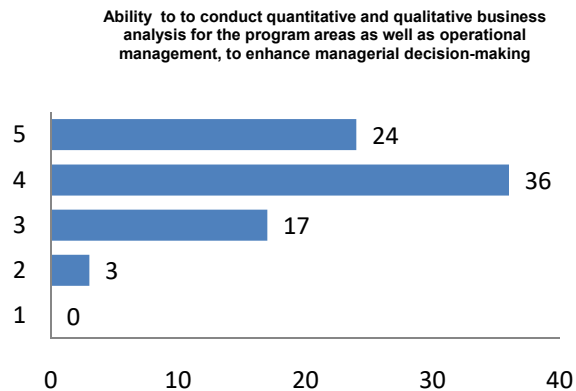


Figure 7. Ability to to conduct quantitative and qualitative business analysis for the program areas as well as operational management, to enhance managerial decision-making

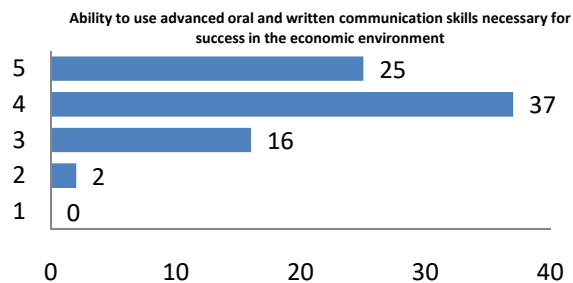


Figure 8. Ability to use advanced oral and written communication skills necessary for success in the economic environment

BUSINESS EDUCATION AND QUALITY ASSURANCE

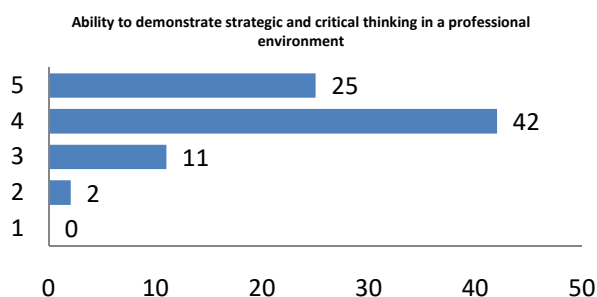


Figure 9. Ability to demonstrate strategic and critical thinking in a professional environment

After evaluation results analysis and conclusions for Bachelor and Master levels were derived. In fact there is no doubt that performances' objectives (Targets/Criteria) for Direct Measures: 75% of students achieve "4" or "5" on this program outcome were reached. All reached results were around 80%.

Graduates of the Faculty of Economics programs know the core areas of business: accounting, management, marketing, economics and finance in a global context. Students proved during Bachelor thesis defense that are able to formulate an integrated knowledge of the functions and systems of business. Graduates of the Faculty of Economics programs are able to use strong interpersonal and communication skills necessary to succeed in the business environment. It proves that UTMS methodology have results (compulsory seminar paper and presentation for each course). Finally, we can conclude that graduates of the Faculty of Economics programs are able to use strong technological skills including the use of the Internet, word processing, spreadsheets, and presentation software in companies and organizations. This was verified by the quality of written Bachelor thesis as well as presentations during thesis defense.

Concerning Master level, results confirmed that Program Learning Outcome 1 - graduates of the Faculty of Economics,

BUSINESS EDUCATION AND QUALITY ASSURANCE

master's-level program articulate and defends the significance and implications of the analytical approach in terms of problems and challenges, trends and/or developments in a social or global context. Master students were able to answer on committee questions after presentation of paper findings facing global challenges. During thesis defence at master's-level program students succeeded to integrate theory and practice for the purpose of strategic analysis.

Having in mind that students before defense need to submit master thesis paper with empirical research, most of the research were based on quantitative and qualitative business analysis of financial statements for financial accounting and performance, as well as operational management, to enhance managerial decision-making.

Finally, professors evaluation confirmed that graduates of the Faculty of Economics, master's-level program communicate using the advanced oral and written communication skills necessary for success in the economic environment.

However, we can conclude that students as well as business community need additional curriculum and instructor works improvement. UTMS develops organizational approach towards business education improvement and made some concrete steps and changes. There is no doubt that students emphasize their needs to gain more leadership competences, as well better tools for management and business leadership, like IT, quantitative techniques, effective writing and oral presentation skills (Hugs, R., Ginnet, R., and Curphy, G., 1996).

In order to achieve excellence in business education it is not necessary to have good education, in terms of well developed teaching process, but effective linkages with the "real world" of business. The students' and faculty achievements comes exactly from the business and industrial interrelation.

CONCLUSION

Institution needs also to determine the ways in which the results from implementing its outcomes assessment plan (i.e., changes and

BUSINESS EDUCATION AND QUALITY ASSURANCE

improvements needed) are linked to the strategic planning processes of the academic business unit and the institution.

The basic goal of the University of Tourism and Management in Skopje (UTMS) is to provide adequate resources to to accomplish its mission and broad-based goals. In accordance with determined mission and broad-based goals, as well intended student learning and operational outcomes, UTMS determine Operating Goals and Student Learning Goals. In accordance with operational goals and student learning goals Rector's Board determine and prioritize operational and student learning objectives. Next phase is strategy implementation and require adoption of operational and student learning strategies. For each strategy, UTMS develops action plan which details the steps needed to implement the strategy, the person(s) responsible, the time schedule, and the budgetary ramifications.

The UTMS has developed outcomes assessment plan for the next academic year. The results of assessing and evaluating outcomes should be used as a feedback to the strategic planning process in the form of the identification of objectives that have been accomplished and changes and improvements that are needed to accomplish objectives. It means that additional financial resources will be planned for support of such a necessary changes and improvement developed in accordance with action plans.

The UTMS is fully aware of the fact that insufficiency of resources and funding is a source of greater frustration. The University understands the importance of an appropriate resources allocation and adequate budget systems/processes as well as negative consequences related to resources (staffing, compensation, research support, technology investment, etc.)

The process of implementation of OAP will help University to identify its strengths and weaknesses, guide us to increase effectiveness in achieving our mission, widen University accountability to own students, faculty, staff and business community, and to guarantee continued growth. The process involves making expectations explicit and public, setting due dates, setting appropriate criteria and high standards for quality learning, continually and systematically gathering, analyzing and interpreting

BUSINESS EDUCATION AND QUALITY ASSURANCE

data to determine how well performance matches the previously set goals (Tichy and Devanna, 1993).

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BUSINESS EDUCATION AND QUALITY ASSURANCE

BUSINESS ETHICS AND SOCIAL RESPONSIBILITY AS A FACTOR FOR IMPROVING THE CORPORATE IMAGE OF THE BUSINESS ORGANIZATIONS

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Koce Tapcanovski
Dimce Karapalevski

Abstract

The paper deals with the elements of business ethics and social responsibility, as important factors for improving the corporate image of the organizations, and thus achieving a competitive advantage on the market.

The competitiveness and development of the organization in conditions of more emphasized globalization depends on the ability of managers to make socially responsible decisions and to satisfy the different demands of the interested parties (individuals and groups), and thus to put their own corporate image to the highest possible level. Social responsibility is a modern concept of leadership and managing organizations and the business in general, in which organizations voluntarily involve stakeholders, and sets social and environmental standards.

The paper focuses on modern business ethics, ethical principles and social responsibility that managers need to have, since they are most expected to act responsibly and ethically, and thus to contribute to the promotion of the social values that represents the recognizable identity and corporate image of organizations.

Keywords: social responsibility, organization, ethics, business, corporate image, corporate identity, management.

JEL classification: A13, M14, M21

INTRODUCTION

In conditions of accelerated globalization processes based on intense technical and technological development, strong competition and the demands for sustainable development, the image of any organization can be an asset but also a threat to all

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BUSINESS EDUCATION AND QUALITY ASSURANCE

participants in the global marketplace. The competitiveness and the development of the organization depend heavily on the ability of managers to make socially responsible decisions and to meet the ethical demands of different groups, thereby improving their own corporate image.

Social responsibility in principle means awareness of the organizations themselves for their power, but also the responsibility they have in the modern way of social living and work. Social responsibility as a concept and success factor was not a strong side of organizations until 1960. By contrast, today's modern managers in all their business decisions implement ethics and responsibility towards society.

Concepts of ethics and social responsibility, as a fair business relation, lead to the creation of a positive climate, a sense of security and trust that will enable the balance between business requirements and the ethical demands of all stakeholders to be maintained (Boatright, 2007).

It is very clear that no organization, especially a business organization, does not exist for itself, but through its work, which is an important part of the society as a whole, and with its actions, it participates in the economic and social life in a micro or macro environment.

Modern management is a way of carrying on business decisions from which managers are expected not to represent only "their" economic interests but also the interests of the community as a whole. Therefore, the management of human resources should start from the assumption that social responsibility becomes a business strategy in the operation and creation of the image of business organizations. So, good management through a responsible attitude towards the environment is a prerequisite for respecting written and unwritten moral rules and customs that will lead to improvement of the quality of life of stakeholders and sustainable economic development. Managers are in a position to create decisions about employees, customers and the general public, and with such decisions to know how to deal with ethical dilemmas of corporate social responsibility, to recognize and anticipate what are the implications of management and

BUSINESS EDUCATION AND QUALITY ASSURANCE

accountability to society and towards all stakeholders (Borota-Popovska, 2009). Business morale is compulsory for all participants in business activities, especially for managers. Naturally, managers should be moral figures with a developed sense of moral responsibility. Besides education and sense of management, the manager should be familiar with interpersonal relationships, social and natural environment, psychology of behaviour, mentality, ethical standards and moral systems, as well as value systems (Lajovic, 2013).

The insufficiently developed awareness of the need for social responsibility among employees and managers in business organizations is a problem that is dealt with in this paper in terms of the small knowledge of the importance of social responsibility, and the benefits of respecting those rules are only a prerequisite for the emergence of the aforementioned problem in this paper.

1. CORPORATE IDENTITY AND CORPORATE IMAGE

The intense globalization process puts managers ahead of new challenges related to the way ethics and corporate responsibility are implemented as one of the key factors in building a good corporate identity and image, also crucial in the competitive edge race.

Image and identity represent the image of an organization that cannot be successful on its own. Identity is a means of identifying the organization and depends on the level of employee satisfaction and motivation, which is a measurable and continuous process, while the image is a metaphor consisting of a set of ideas, beliefs and impressions about the organization in the public. In this unit, a very important element is the way managers communicate with employees and the public. The essence of creating corporate identity and image of the organization is in the mutual cooperation, and the key to cooperation is communication. Therefore, the successful manager must be capable of interpersonal communication (Wren and Voich, 1994).

How and the way managers communicate with employees, transferring important messages to them and how they lead them to achieve the goals of an organization depends on the way in which

BUSINESS EDUCATION AND QUALITY ASSURANCE

business managers create business ethics. Although it is thought that it is not good to "communicate too much" with employees, at the same time, there is a danger of lack of information to lead on misinformation and rumours, as well as leaking "confidential" information.

In certain theories it is said that the ideal corporate identity is equal to the corporate image (this also applies to institutions and organizations that are not corporations, and to public figures as well). The identity of an organization is what essentially the organization itself is, while the image represents the picture that the organization has in public.

In general, three relations between these two categories are possible:

- when the image is better than the identity, i.e. when the public has a better picture of the organization or individual than it actually she or he;
- when the identity of the organization is better than the image, that is, when an organization or individual has a worse image in public than the true one and
- when the identity and image are on an equal footing, which would be an ideal state.

The identity and image of the organization are parameters that are formed even without doing anything in that field.

In order to create identity, organizations must have their own corporate image. A key element in shaping the image of an organization is human potentials that have a strong impact in creating a strong, or disrupting the already acquired good image of it.

The main role of corporate identity is to enable organizations to acquire, maintain, and improve their competitive edge, while the image can be easily transformed. If the organization does not make a continuous effort to maintain a good image, the positive image of the organization can easily turn into a negative one.

Therefore, an important segment in creating the corporate identity and image is the level of organizational culture, in that context, the need is to introduce ethics and corporate social responsibility in the work. It should and must become a driving

BUSINESS EDUCATION AND QUALITY ASSURANCE

force for the development of good business practices and sustainable development, and ethical codes must also cover the harmonization of environmental mismatches that contribute to increase the value of the company (George, 1994).

2. BUSINESS ETHICS AND CORPORATE SOCIAL RESPONSIBILITY AS PART OF MODERN MANAGEMENT

Business ethics is a reflection of established norms of behaviour that are the basis of the business operations of organizations in each historical period. With the overall socio-economic development, norms are developed, causing the accepted existing behaviour to become unacceptable at a given moment. Ethical norms are mainly set by society on the basis of broad social policy. It can also be defined as an attempt to establish the responsibility and ethical obligations of business professionals, that is, conduct of managers (Chattopadhyay, 2012).

The concept and practices of corporate social responsibility, commonly referred to as "social responsibility," in the period prior to the rise and dominance of the corporate form of business organizations, was intended only to provide an overview of how the concept is implemented, manifested and developed. The concept of corporate social responsibility started in the 1920s, but due to the economic and political situation in that period, it failed to become a serious topic among business leaders. From the 50's of the 20th century, social responsibility has become a focus of attention, and later it is considered to have expanded the concept of social responsibility by focusing on several stakeholders close to each other. It is obvious today that, in many organizations, social responsibility strives to become a driving force with full integration of strategic management and corporate governance (<http://www.oxfordhandbooks.com/view/10.1093/oxfordhb/9780199211593.001.0001/oxfordhb-9780199211593-e-002>).

The concept of corporate social responsibility is an interest of the European Commission through a concept by which organizations integrate in their entirety all their activities. Social responsibility, as pointed out by the European Commission, is a

BUSINESS EDUCATION AND QUALITY ASSURANCE

concept by which companies integrate social and environmental aspects into their business and in their interaction with participants on a voluntary basis (Smith, 2011). It strives to provide a balance between owners of the business sector, managers, shareholders, employees, customers and the public in general. Unlike the past, today it is not enough for businesses to aim solely to generate profits for investors, but they also have to strive for a positive impact on the life of the overall community in which they operate, which, on the other hand, generates financial returns.

The situation in this field in our country has changed lately due to strong external influence, communication and market dependence outside the national borders, globalization in all segments of society, and changing the perceptions of top management in organizations. Based on the National Agenda of the Economic and Social Council of the Government of the Republic of Macedonia, as a contribution to the European integration efforts, many organizations and companies in the country understand the importance of business policies for social responsibility and pay more attention which is in function of achieving a good corporate image, and therefore a competitive advantage compared to others on the market.

Some large national enterprises use the notion of corporate citizenship to indicate their engagement in certain areas of CSR. Sometimes these two terms are used as synonyms, although corporate citizenship focuses on the external aspect of social responsibility (for example, charity activities, donations, sponsorships, employee volunteering), while CSR takes into account the internal dimension (for example, the relationship to employees)

(<http://www.cbcsr.mk/Upload/Content/Documents/Macedonian-CSR-agenda-2008-2012-MK.pdf>).

Organizations should develop their own way of organizational behaviour in terms of social responsibility and ethics that fits with society.

Business ethics is one of the most important and at the same time one of the most sensitive business issues. It is regulated by norms and acts, but very often some personal interests lead to

BUSINESS EDUCATION AND QUALITY ASSURANCE

deviations that damage the established positive norms and rules. Business ethics is closely related to the cultural traits of a society in which the organization operates. The characteristic behaviour of an individual does not have a cultural value if it is not part of the group's customs and attitudes - social norms of behaviour represent the rules of behaviour in a culture (Boatright, 2008).

The way business ethics will be valued is a way to confirm that an organization is recognized by certain moral norms and values. And this element in terms of business behaviour, growth and development of organizations is in the focus of management, that is, the ethical management.

In that sense, morally responsible management is obliged to carry out the work by accepting the responsibility for eventual failure or error. For that purpose, the management of the organizations prepares the corporate social responsibility strategies, which provides a competitive advantage over others. Dealing with corporate social responsibility is the same as to “do good” (Boatright, 2008).

The business morale obliges all participants in the business activities, especially the managers.

3. ETHICS AND CORPORATE RESPONSIBILITY OF MANAGERS

Managers have a thorough responsibility and strong influence in the establishment and development of an organization because they build the strategy by involving all factors inside and outside the organization. One of these factors is the level of respect for ethical norms and the level of social responsibility as elements in creating the corporate identity and corporate image of the organization.

The attitude that the organization, that is, the company or the enterprise will take, in the application or while managing the ethical behaviour, can always apply one of the following four basic forms (Boatright, 2008).

The first and basic form is the approach of indifference, followed by the second one concerning damage control, the third is the approach to satisfying ethics, and the fourth is the approach to

BUSINESS EDUCATION AND QUALITY ASSURANCE

incorporating ethical culture. In some companies, top managers or top management believes that high ethical standards or principles should and need to be strongly embedded within the organizational culture that exists in the organization and act as directives on "how we do it here" (Boatright, 2008).

Regardless of the approach used in ethical behaviour, top management in organizations can make changes in certain situations in order to improve the business climate.

People are in an ethical dilemma and when they have to choose between two different courses of action, while being aware that one direction will cause damage on one side unlike the other one that will bring benefit or advantage, there is an ethical dilemma to choose the direction that carries least harm (Brunsel, 1998).

The majority of ethical problems exist because of conflicts of values and beliefs between different stakeholder groups. The stakeholders define ethical issues from all aspects and by all participants in the process.

The concept of stakeholders allows organizations to identify, monitor and adequately respond to the needs, values and expectations of different stakeholder groups (Boatright, 2008).

Finally, business ethics can be defined from an aspect of the company where it is emphasized that it is a set of relationships and instructions for the behaviour of an organization to the environment in which it operates, covering the relationships inside and outside of it (Shuklev, 2013).

4. METHODOLOGY

The socially responsible behaviour of organizations today is an imperative for modern management. Therefore, the subject of the research in this paper is the impact of social responsibility in improving public opinion, or the image of business organizations, and it starts from the fact that there is insufficient awareness of the need for social responsibility among the employees and managers in business organizations.

The emergence of this research is related to the management of intellectual capital in business organizations from the aspect of

BUSINESS EDUCATION AND QUALITY ASSURANCE

their influence in the creation of corporate identity and image, while the aim of the research is to identify the benefits that can be achieved by organizations and the society itself as a whole and thus to encourage their application to build a strategy of social responsibility in them.

Empirical research was conducted on 140 respondents, 40 of whom are managers and 100 are employed, in many organizations that have a top quality management and quality control standard.

The methodology used in the research is a quantitative and qualitative data analysis, through which an attempt was made to prove that "if employees and managers in a business organization have knowledge and formed attitudes regarding the strategy of social responsibility, then the image of business organizations can be expected to improve".

The survey is expected to provide information that will be used to improve ethical corporate thinking in the business sector, which in the future will result in multiplied results in terms of image, goals and financial success.

5. RESEARCH RESULTS

First, the distribution of the respondents by age was determined. It was found that 33 out of 140 covered by the survey were aged between 25 to 35 years old, representing 24%. Next, a total of 59 respondents or 42% from 26 to 45 years old, while at the age of over 45 years old were a total of 48 respondents or 34% of all. This allocation is relatively even, so the results obtained from the survey are expected to be relatively independent of the age of employees and managers.

BUSINESS EDUCATION AND QUALITY ASSURANCE

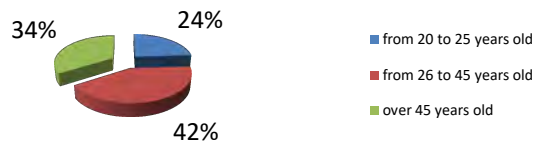


Figure 1. Distribution of the respondents by age.

Source of data: This work

In order to get information on how employees and managers have an idea about the meaning of social responsibility, the question was raised: **"Social responsibility is a policy and practice in which the organization takes care of its employees and the conditions in which they work?"** with options: *I agree, I completely agree, I partly agree* and *I completely disagree*. 44 respondents or 31% responded to this question by *agreeing*, 96 or 69% answered *I completely agree*, with *I partly agree* and *I disagree completely*, answered 0 respondents.

According to the dominant representation of respondents' answers (*I completely agree*), it follows that employees and managers have an idea of the sense of social responsibility, which may be due to the fact that the organization in which the survey is conducted takes care of its employees and the conditions in which they work, which is a positive example of a socially responsible organization.

In order to obtain information on how many employees and managers are committed to social responsibility towards users and the environment, the question was asked: **"Social responsibility is the pursuit of creating reliable products for people and the environment"** with options: *I agree, I completely agree, I partly agree* and *I completely disagree*. *I fully agree* answered with a total 89 or 63%; *I agree* answered 39 or 28%, *I partly agree* 12 or 9% and *I completely disagree*, 0 respondents answered.

As can be seen from the results, managers and employees agree that social responsibility is an aspiration to create reliable

BUSINESS EDUCATION AND QUALITY ASSURANCE

products for both people and the environment, which means that the organization has awareness of the importance of social responsibility towards users and the environment. This is a significant prerequisite, along with the existence of appropriate human potential, to create a strategy for developing modern management in which social responsibility and ethical standards are implemented.

In order to obtain information on how social responsibility affects improving the quality of life of the population, the question was raised: **"Social responsibility is a policy and practice in which the organization takes care of its employees and the conditions in which it operates,"** with options: *I agree, I completely agree, I partly agree* and *I completely disagree*. *I completely agree* to this question answered 84 or 60%, *I agree* have answered 48 or 43% respondents, *I partly agree* answered 8 or 6%, and *I completely disagree*, 0 respondents.

According to the dominant representation of the respondents' answers, the employees in the organization consider the largest percentage that the social responsibility is determined by investing in the development of the community in which the company acts and improves the quality of life of the population.

In order to obtain information on how many employees and managers have an idea of the meaning of social responsibility in relation to the environment in which they operate, the question **"Social responsibility means the environmental responsibility of the organization to the environment where it operates"** was posed with options: *I agree, I completely agree, I partly agree* and *I completely disagree*. *I completely agree* with this question answered 128 or 91%, *I agree* answered 12 or 9%, *I partly agree* and *I completely disagree*, 0 respondents answered.

According to the dominant representation of the respondents' answers, managers and employees agree that social responsibility also means environmental responsibility for the environment where it operates.

In order to obtain information on how employees and managers have an understanding of the importance of ethical behaviour in relation to other organizations and individuals, the

BUSINESS EDUCATION AND QUALITY ASSURANCE

question **"Social responsibility is ethical and transparent behaviour of the organization in relation to other organizations and individuals"**, with options: *I agree, I completely agree, I partly agree* and *I completely disagree*. *I completely agree* answered 109 or 78%, *I agree* answered 29 or 21%, *I partly agree* answered 2 or 1%, and *I completely disagree*, 0 respondents answered.

As it can be seen from the results, managers and employees agree that the responsible, ethical and transparent behaviour of the organization in relation to other organizations and individuals is an important segment in the creation of strategic modern management.

In order to obtain information on how many employees and managers have an idea of the importance of social responsibility is ethical behaviour for the category of poor and social families, were asked **"Social responsibility is helping and donating to the poor and social families"**, with options: *I agree, I completely agree, I partly agree* and *I completely disagree*. *I completely agree* has answered 94 or 67%, *I agree* 44 or 31%, *I partly agree* with a total of 2 or 1%, and *I completely disagree*, 0 respondents answered.

According to the dominant representation of respondents' answers, managers and employees agree that social responsibility is helping and donating to the poor and social families, it is also one of the obligations for organizations in creating a good corporate image.

In order to obtain information on how many employees and managers have an idea of the importance of social responsibility, ethical behaviour in creating professional and competent staff, the question **"Social responsibility is the care and financing of talented, professional and competent staff"**, with answer options: *I agree, I completely agree, I partly agree* and *I completely disagree*. 75 or 53% responded to this question with *I completely agree*, 53 or 38% answered *I agree*, *I partly agree* answered 12 or 9%, and *I completely disagree*, 0 respondents.

In order to obtain information on how many employees and managers have an idea of the importance of social responsibility, ethical behaviour in creating a healthy organizational climate, the question **"Social responsibility is building a good attitude of**

BUSINESS EDUCATION AND QUALITY ASSURANCE

managers towards employees and a healthy organizational climate "was asked with options: *I agree, I completely agree, I partly agree and I completely disagree*. *I completely agree* answered 74 or 53%, *I agree* answered 41 or 29%, *I partly agree* answered 12 or 9%, and *I completely disagree*, 13 or 9% respondents answered.

According to the dominant representation of respondents' answers, managers and employees agree that a healthy organizational climate represents building a good mutual relationship between managers and employees.

CONCLUSIONS

The research, which focused on identifying the impact of ethics and corporate responsibility in improving the corporate image of business organizations, highlighted the importance of the concept of corporate social responsibility and implementation in organizations, in order to improve corporate image. Through the concept of responsible social work and building an ethical culture towards the community, organizations are trying to improve their performance, thus achieving competitive advantage on the market and reliable profit in the long run. The research shows that employees and managers in business organizations have the necessary knowledge and positive attitudes regarding the concept of social responsibility, and if in the community there is a possibility for certain benefits for the companies, then it can be expected to improve the image of business organizations.

Social responsibility and business ethics as factors for improving the corporate image of business organizations is a problem that arises from the insufficiently built awareness of the need for social responsibility, primarily with managers in business organizations. It is complemented with a very weak knowledge of the essence and significance of social responsibility, as well as the benefits of nurturing for building a good image.

Business ethics and socially responsible behaviour contribute to business success and help in the personal upgrade of managers

BUSINESS EDUCATION AND QUALITY ASSURANCE

and employees, that's why today they represent the imperative of modern ethical management.

The success of each business entity depends on investing in ethical management and social responsibility, which is certainly a major step forward with regard to the boundaries set for more than two centuries when managers and business owners were focused on creating profits. The changes in the society and by changing the perception of all stakeholders in the process regarding the treated subject, business organizations are today increasingly focused on responsible social work, care for the social community and the environment. Today, more and more, they become criteria without which the prosperity and work of business organizations cannot be assessed.

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BUSINESS EDUCATION AND QUALITY ASSURANCE

PERSPECTIVES FOR TOTAL QUALITY MANAGEMENT IN HIGHER EDUCATION IN MACEDONIA

Violeta Milenkovska¹
Blagica Novkovska

Abstract

In this paper the issue of effective establishment of total quality management system in higher education in Macedonia is discussed in details. Based on experiences from other countries proposals for the case of Macedonia are made.

In Macedonia, substantial changes occurred during last two decades: introduction of Bologna system, establishment of private higher education institutions, accompanied by multiple changes of the respective state regulation. After a period of intensive changes, actual state of the higher educational system is relatively stable, allowing introduction of largely applied quality management system intended to be used in future on long term. On central level, particular role is expected to be played by the higher education Quality Agency, responsible for the accreditation and evaluation of higher education in Macedonia, according the new law. The aim of a total quality management system in higher education is required in order to achieve the goals of the institution in an efficient way, satisfying the needs of the users at reasonable price of the services. It consists of set of activities regularly performed in order to reach the given goals. ISO 9000 standard applies in general to various kinds of organizations. Several specificities are to be taken in the case of higher education.

It has been shown in literature that the basis for total quality management can be formed using business process modeling. Particular attention in creation of the models is to be paid to the satisfaction of graduates. Permanent improvement of performances, leadership and team work have been often also taken into account. Corporate social responsibility in conjunction with effective total quality management system provides a solid basis for sustainable improvement of institution performances. Use of the stakeholders theory in the creation of the model is of particular importance, since the parts involved in the process have substantially different characteristics. Effective system has to produce value for all stakeholders.

In addition, in order to benefit at maximum of the total management system, organizational learning is required. Authors consider that in the next period optimal conditions will be in place to introduce uniform total quality management system which will support accelerated improvement of the quality of higher education services.

Keywords: quality management, higher education, business process modeling

JEL classification: I21, I29

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BUSINESS EDUCATION AND QUALITY ASSURANCE

INTRODUCTION

Total quality management in educational systems had been extensively studied in recent years (Iyer, 2018; Khan et al., 2018; Papanthymou and Darra, 2018; Sallis, 2014). High quality of the system output is required both for the needs of national economies, as well as for the mobility on the international level. Methods of analysis of the functioning of these systems are simultaneously developed.

Total Quality Management is framework for the improvement of quality, it involves doing things right first time and every time. For its successful implementation, there is a strong need of everyone's participation from the institution rather than the only involvement of only senior management.

In this work the situation with the level of development of higher education system in Republic of Macedonia has been studied and perspectives for establishment of effective total quality management system discussed.

1. RECENT PROGRESS IN THE HIGHER EDUCATIONAL SYSTEM OF REPUBLIC OF MACEDONIA

In Macedonia, substantial changes occurred during last two decades: introduction of Bologna system (Sin and Tavares, 2018; Stojanovski, Denkova, and Marolov, 2018), establishment of private higher education institutions, accompanied by multiple changes of the respective state regulation. After a period of intensive changes, actual state of the higher educational system is relatively stable, allowing introduction of largely applied quality management system intended to be used in future on long term. On central level, particular role is expected to be played by the Higher Education Quality Agency, responsible for the accreditation and evaluation of higher education in Macedonia, according the new law (Ministry of Education and Science, 2018). This agency has two boards: Higher Education Accreditation Board and Higher Education Evaluation Board. Previously, these two functions of these boards were given to two separate state bodies, connected to the Ministry of Education and Science of Republic of Macedonia.

BUSINESS EDUCATION AND QUALITY ASSURANCE

According the new law, the Agency Higher Education Quality Agency is a single independent body.

Authors consider that in the next period optimal conditions will be in place to introduce uniform total quality management system which will support accelerated improvement of the quality of higher education services.

2. ROLE OF THE TOTAL QUALITY MANAGEMENT SYSTEM IN HIGHER EDUCATION

The aim of a total quality management system in higher education is required in order to achieve the goals of the institution in an efficient way, satisfying the needs of the users at reasonable price of the services. It consists of set of activities regularly performed in order to reach the given goals. ISO 9000 standard applies in general to various kinds of organizations. Several specificities are to be taken in the case of higher education (In'airat and Al-Kassem, 2014; Iyer, 2018; Nogueiro, Saraiva and Jorge, 2017).

It has been shown in literature that the basis for total quality management can be formed using business process modeling (Jeston, 2014). Particular attention in creation of the models is to be paid to the satisfaction of graduates (Drăgan, Ivana and Arba, 2014). Permanent improvement of performances, leadership and team work have been often also taken into account. Corporate social responsibility in conjunction with effective total quality management system provides a solid basis for sustainable improvement of institution performances (Nogueiro, Saraiva and Jorge, 2017).

Use of the stakeholder theory in the creation of the model is of particular importance (Hickman and Akdere, 2017), since the parts involved in the process have substantially different characteristics. Effective system has to produce value for all stakeholders.

In addition, in order to benefit at maximum of the total management system, organizational learning is required (Aminbeidokhti, Jamshidi and Mohammadi Hoseini, 2016).

BUSINESS EDUCATION AND QUALITY ASSURANCE

3. MAIN CHARACTERISTICS OF THE HIGHER EDUCATIONAL SYSTEM OF REPUBLIC OF MACEDONIA

In Republic of Macedonia there are 6 universities for which the state is responsible: Ss. Cyril and Methodius University in Skopje, St. Clement of Ohrid University of Bitola, Goce Deltchev University in Shtip, State University of Tetovo and South East European University in Tetovo, and University of Information Science and Technology (UIST) "St. Paul the Apostle" in Ohrid. Additionally, there are 19 accredited private higher education institutions: FON University, International Balkan University, University American College Skopje, European University Macedonia, University for Tourism and Management Skopje, University of New York in Skopje, School of Journalism and Public Relations, MIT Faculties, International University of Struga, University for Audiovisual Arts Parisian European Film Academy ESRA Skopje, Business Academy Smilevski Skopje, Euro College Kumanovo, Institute of Social Sciences and Humanities Skopje, International Vision University in Gostivar, Faculty of Business Studies in Skopje, University Euro-Balkan, Academia Italiana Skopje, Integrated Business Faculty and International Slavic University "G. R. Derzhavin" in Macedonia (Sveti Nikole).

These higher education institutions largely vary by the size as well by the types of the programmes offered. In addition, some changes will occur in near future due to the changes in the regulation. It is expected the number of the study programmes to be substantially reduced, because less institutions will be allowed to execute programmes. Besides, it is expected, based on the gained experience by the higher education institutions themselves, the programmes that appeared not enough attractive for students to be not reaccredited further.

BUSINESS EDUCATION AND QUALITY ASSURANCE

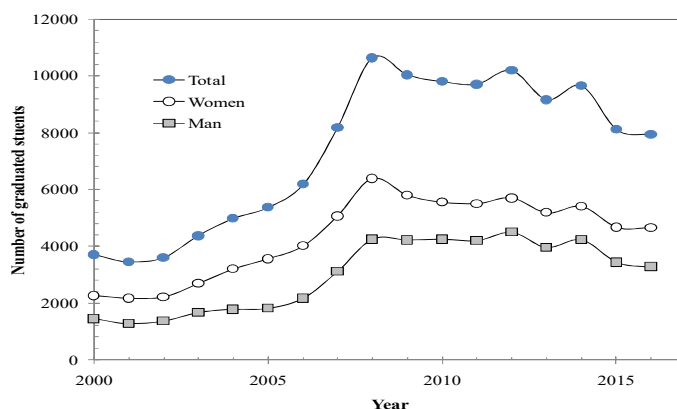


Figure 1. Variations of the number of graduate students (first cycle) for the period 2000-2016 (total, as well as man and women separately)

Source of data: MakStat database

In Figure 1 evolution of the number of graduated students since year 2000 is shown, using the values reported by State Statistical Office of Republic of Macedonia (MakStat database). A sharp increase after year 2000 is observed, leading to peak values in 2008. This period of increase is due to the changes of the higher education system and the increase of number of higher education institutions. Number of graduated students per year in that period increased for a factor of about 2.5. In the period after 2008 the number of graduated students slowly decreases, with some oscillations that can be considered to be not significant. The slow decrease in the last sub-period can be in its major part attributed to the demographic changes. No marked variations of the ratio women/man have been observed. It remains on the value of about 1.5 for the entire considered period. Thus, we can conclude that the sharp changes in the higher education sector are finished and the further development can be effectively controlled in a relatively stable legal, institutional and program environment.

BUSINESS EDUCATION AND QUALITY ASSURANCE

Only 3.7 % of the graduated are foreign students, mainly from neighboring countries, indicating low interest and unsatisfactory reputation of Macedonian higher education institutions in the region.

4. METHOD OF ANALYSIS

In order to suggest optimal solutions for introduction of total quality management system following approach has been adopted for this work.

First, experience from previous implementations of quality management systems in Macedonia is to be used in particular solutions for higher education that are to be adopted. More details on these possibilities can be found in (Novkovska, 2014; Novkovska). Since the basis for total quality management can be formed using business process modeling (Jeston, 2014), such solutions indicated to be functional in this environment (Papazoska and Ristevska-Karajovanovikj, 2012) are to be used as well in the case of higher education. In order to establish as efficient total quality management system, the capacities of all of the institutions involved in the system are to be optimally used.

Second, best practices from other countries already having in place functional total quality management system are to be used as example in establishment of the system, avoiding repeating the same procedures by different actors in the process.

5. EXAMPLES FROM COUNTRIES IN REGION

Drăgan et al. (2014) proposed a model for quality management in higher education institutions of Romania based on business process modeling. General framework of the model has been constructed based on the approach used by Harrington et al. (1997) for the companies to improve their profitability. For higher education institutions model has to take into account bigger complexity, as well as the issues of sustainability and development.

Managerial process in this model involves: People Management, Process Management and Performance Management. Students are considered as clients of the university, with their specific needs and

BUSINESS EDUCATION AND QUALITY ASSURANCE

expectations. Customer (students) satisfaction is taken as a measure of the output of the system. On the top of the system is general management system built on main policies and supported by a central administrative structure. Human Management resources constitute the second level of thus constructed model. It covers the personnel and the infrastructure, both for education and research. Next level is that of teaching process and learning. It covers management of curricula, as well as activities connected to accreditation, creation of new courses and modernizations of existing ones. In addition, post-learning assistance is also considered. This is a rather complex level, since it requires specific knowledge of all of the phases involved in it and having multiple particularities. The last level is the measurement level, containing internal audits, student's satisfaction and outcomes of educational activities.

6. SUGGESTIONS FOR THE ESTABLISHMENT OF A TOTAL QUALITY MANAGEMENT SYSTEM

Some suggestions for total quality management system in Macedonian higher education were given by Taskov and Mitreva (2015). In this work made attempt to propose general framework for building uniform on national level total quality management system for higher education based on experiences of similar countries and taking into account the real possibilities of the country to implement such solutions in near future.

Electronic administrative services are functional on most of the universities in Macedonia, i.e. ikNow at Ss. Cyril and Methodius University in Skopje, e-student at the University for Tourism and Management Skopje etc. They provide a strong basis for development of tools for assessing the customer's satisfaction on an efficient way. Further in-deep studies are required in order to create standardized evaluation process for different higher education institutions having different systems electronic systems and internal organization. As a result, it is expected to obtain satisfactory results for the component of the Performance Management.

BUSINESS EDUCATION AND QUALITY ASSURANCE

CONCLUSION

Based on the result of this work, it can be concluded that efficient total quality management system for higher education institutions can be established, following models proved to be functional in other countries of the region. Considered managerial process for total quality management system has to include following components: People Management, Process Management and Performance Management. Customers (students) satisfaction is to be taken as a measure for the output of the system. Having that a stable legal environment has been secured, conditions are provided to establish countrywide system for higher education institutions.

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BUSINESS EDUCATION AND QUALITY ASSURANCE

ADULT PARTICIPATION IN LIFELONG LEARNING: EDUCATION FOR REDUCING SKILL GAPS WITH PERSPECTIVE FOR BETTER EMPLOYABILITY IN SELECTED EUROPEAN COUNTRIES

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Toni Milun
Josipa Antić

Abstract

As determined by European Commission (2010) in Europe 2020 Strategy Target on Education, the EU-28 level of adults' participation in lifelong learning is targeted with 15% by 2020.

Recently, according to official survey data, this indicator has confirmed an increase in majority of European countries, being for the EU-28 at 9.6% in 2016 and 10.9% in 2017. Unfortunately, in some of the European countries it is still at a very low level. Moreover, in number of more or less developed EU countries it is in 2017 still below 10% with a decreasing tendency, e.g. in Spain, Cyprus, Ireland, Poland, Slovakia, Croatia and Romania. Croatia fall from 3% in 2016 to 2.5% in 2017, and the FYR of Macedonia decreased in the same period from 2.9% to 2.4%. Belgium, Germany, Italy and some others are below the EU-28 average, even though having highly developed economies. It might be assumed that nowadays the workforce should use the digital society advantages to increase the noticed skill shortage as compared to the labour market demand. Using possibilities of lifelong learning people from the workforce enable better literacy, better reading, writing and maths skills, as well as better language and communication skills. In such a way, the workforce improves its mobility and achieves better employability. Using statistical data exploration, cluster and regression analysis, the paper investigates the economic and the information and communications technology (ICT) development indicators that influence the adults' participation in lifelong learning indicator. Regarding the relevant variables, the clusters of European countries are recognized, and authors are trying to evaluate the possibility of realizing the targeted value of 15% by each of the countries, as the European Commission projected in its documents.

Keywords: lifelong learning, education, digital society, employability, regression analysis, dendrogram

JEL classification: C10, E24, I21

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BUSINESS EDUCATION AND QUALITY ASSURANCE

INTRODUCTION

In the lifelong learning, defined as percentage of persons aged 25 to 64 who recently received education or training, people have the goal to learn, with the focus on learning activity, formal, non-formal or informal, started with the goal of improving particular knowledge, skills and competences. Since the year 2016, Eurostat (2018), the variable Lifelong learning (LLL) got the new name, Adult participation in learning, which is in this paper denoted by APinL.

Data analysed in this paper, originates from the EU Labour Force Survey, where the APinL refers to persons aged 25 to 64 who received education or training in the four weeks preceding the survey (numerator). The denominator is comprised of the total population of the same age group, excluding those persons who did not answer to the question about participation in education and training. The information collected relates to all education or training regardless its' relevance to the respondent's employment status, now or in the future.

The authors found the motivation for this study in the previous research described in Dumičić&Milun (2018), where only statistical education of employed Croats was analysed. Here presented investigation is the logical continuation that follow after very remarkable facts that were discovered by authors for the variable APinL in general, and not only for statistical education, in total or by gender, over 33 European countries in the recent period of 2002 to 2017. In this paper, authors want to test the research hypothesis that the Gross Domestic Product per capita (GDPpc), the employment rate, as well as the educational and the digital society development indicators, all have the positive impact on the APinL. For this purpose, the influence of selected six variables on the APinL was investigated using statistical data exploration, linear regression and cluster analysis methods. The included explanatory variables, given for selected European countries for 2017, are:

- The Economic development indicators:

BUSINESS EDUCATION AND QUALITY ASSURANCE

1. Gross Domestic Product per capita in Purchasing Power Standards (GDPpc in PPS, Index EU-27=100), and
2. Unemployment rate, percentage in total, age group 20-64 years;
- The Participation rate in education and training, percentage in total, of persons from 15 to 64 years with:
 3. less than primary, primary and lower secondary education (levels 0-2);
 4. with upper secondary and post-secondary non-tertiary education (levels 3 and 4); and
 5. with tertiary education (levels 5-8); and, finally
 6. digital skills development indicator defined as the Individuals who have basic or above basic overall digital skills by sex, percentage of all individuals aged 16-74.

It might be supposed that today, in a digital society, the workforce should use its 'digital society benefits to improve the skill shortage noticed at the labour market request. People of different age may use the lifelong learning opportunities, for improving better reading, writing, literacy, numeracy and math skills, as well as for improving communication skills and language. All this may improve workforce employability and make them more mobile.

After the introductory definitions of basic research variables and setting of the research hypotheses regarding the problem of the study, in this paper the literature review and descriptive data exploration with trend modelling of crucial variables follow. Further, regression and cluster analysis, giving better insight into the research problem, lead to the conclusions, with regard to the limitations of the analysis.

1. LITERATURE REVIEW

Dumičić (2013) investigated the Lifelong learning (LLL), defined as the percentage of adults, 25-74 of age, participating in adults learning, in the EU-27 and six more countries from 2006 to 2011

BUSINESS EDUCATION AND QUALITY ASSURANCE

using a variety of multivariate analysis methods. Estimated regression models show that the LLL depends on net earnings, and on primary and tertiary levels of education, which influences the employment rate positively.

In Dumičić&Žmuk (2017a, 2017b) the enhancing of statistical culture and literacy as the unused potential of Croatian enterprises was considered. The web survey on the sample of Croatian enterprises shown that the vast majority of enterprises do not have sufficient education regarding statistical methods so that a lot of such potential remained unused. In Dumičić (2017) the enhancing of statistical literacy, defined by Gal (2002) as the ability to interpret, critically evaluate, and communicate about statistical information, as a unique language for a better world was promoted and considered as a very important skill for official statistical data producers, data users, students, educators, managers, journalists, government, and especially for citizens, etc. The author concluded that the Adult participation in learning provides a great chance not only for statistical literacy improvement, but also for any type of skills and knowledge improvement needed for better employability and workforce mobility.

The series of national reports on Survey on skill shortages and gaps in European enterprises, see Cedefop (2015), are offered online for each of the EU-28 countries, Iceland and Norway. E.g., for Croatia it is given as Agency for Vocational Education and Training and Adult Education (2018) Guidance and outreach for inactive and unemployed – Croatia.

All the relevant resources offering data, facts, information and news on Adult participation in learning are listed on the website for Cedefop (2018) Skills Panorama, where all the research sources are presented, conducted by Cedefop, Eurostat, and OECD, with datasets for Cedefop Skills Forecast, European Skills and Jobs Survey, European Skills Index Data, Labour Force Survey, National Accounts, PIAAC and PISA.

In European Commission (2013), The Survey of Adult Skills with elaborated implications for education and training policies in Europe was done within the Programme for the International Assessment of Adult Competencies (PIAAC). The **Survey of**

BUSINESS EDUCATION AND QUALITY ASSURANCE

Adult Skills “measures of literacy, numeracy and problem solving in technology-rich environments”. The results are internationally comparable. PIAAC survey is conducted in many of the EU Member States (e.g., it is not conducted in Croatia). Many results from the Survey of Adult Skills are given in OECD (2016). There are seven key findings of the Survey, which are all relevant for EU training and education policies. First, 2/5 of the workforce population in the EU has low literacy and numeracy skills, education, and skills increase employability. Those high skilled are using adult learning, and those low skilled are less likely to use learning activities. The upper secondary graduates in some EU-17 Member States rank similar or better than higher education graduates in others. Further, 1/4 of adults do not have the skills to effectively use of ICTs. The skills of a person lean towards to weaken over time if they are not frequently used. In addition, finally, supporting skills brings evident positive outcomes, both economic and social. The relevance of the differentiated approach of the Commission’s Annual Growth Survey and of the Country-Specific Recommendations is recognised.

According to OECD (2016), only 55% of the EU adults with literacy skills at level 1 or below are employed, nearly 10% are unemployed, and 1/3 are inactive. Nearly 25% of unemployed adult persons has low skills. Majority of those with low skills among unemployed is noticeable. European Commission should explore the potential of digital learning environments within adult learning, according to European Commission (2013). In European Commission (2018), the effect of technological progress on EU and national policies is elaborated. It emphasizes the importance of the new skills agenda and developing of the key competences for lifelong learning and digital skills. European Commission (2017b) presented recommendations on upskilling paths opening the new opportunities for adults has been presented. In European Commission (2017a) within the framework of the New Skills Agenda, the European Commission proposed a “Skills Guarantee” called Upskilling Pathways.

BUSINESS EDUCATION AND QUALITY ASSURANCE

2. DATA AND METHODS

Using the Eurostat data, the descriptive data exploration and trend modelling were conducted for the main variable under study APinL. Afterwards, in discovering the significant impacts on APinL, the Ordinary Least Squares (OLS) regression analysis was performed. At the end, the cluster analysis was used to enlighten the members of each of the noticeable clusters of countries.

Since six variables were investigating regarding their possible influence on the APinL, they are listed in Table 1.

Table 1. Definitions of variables included into analysis with official data sources

Type	Notation	Definition	Data source in Eurostat
Dependent	$Y_{APinL2017}$	Adult participation in learning, total, percentage of population aged 25 to 64 years.	Eurostat (2018d). Adult participation in learning by sex. Available at: https://ec.europa.eu/eurostat/tgm/table.do?tab=table&init=1&language=en&pcode=sdg_04_60&plugin=
Independent	X_{GDP_PPS}	Gross Domestic Product per capita in Purchasing Power Standards (GDPpc in PPS, Index EU-27=100)	Eurostat (2018b). GDP per capita in PPS. Available at: https://ec.europa.eu/eurostat/tgm/table.do?tab=table&init=1&plugin=1&language=en&pcode=tec00114
Independent	X_{EMPLOY_RATE}	Unemployment rate, percentage in total, age group 20-64 years.	Eurostat (2008c). Employment rate by sex, age group 20-64. Available at: https://ec.europa.eu/eurostat/tgm/table.do?tab=table&init=1&plugin=1&language=en&pcode=t2020_10
Independent	X_{EDUC_L0-2}	Participation rate in education and training, percentage of all persons from 15 to 64 years with less than, primary, primary and lower secondary education (levels 0-2)	Eurostat (2018e). Population by educational attainment level, sex and age (%) - main indicators. Available at: http://appsso.eurostat.ec.europa.eu/nui/show.do?dataset=edat_ifse_03&lang=en
Independent	X_{EDUC_L3-4}	Participation rate in education and training, percentage of all persons from 15 to 64 years with upper secondary and post-secondary non-tertiary education (levels 3 and 4)	
Independent	X_{EDUC_L5-8}	Participation rate in education and training, percentage of all persons from 15 to 64 years with tertiary education (levels 5-8)	
Independent	X_{DIGSKI_LLS}	Individuals who have basic or above basic overall digital skills by sex, percentage of all individuals aged 16-74	Eurostat (2018e). Individuals who have basic or above basic overall digital skills by sex. Available at: https://ec.europa.eu/eurostat/tgm/table.do?tab=table&init=1&plugin=1&language=en&pcode=tepsr_sp410

BUSINESS EDUCATION AND QUALITY ASSURANCE

3. EXPLORATORY DATA ANALYSIS

Table 2 includes data for the APinL (percentage of the population aged 25 to 64 participating in education and training, total) for 2006 and 2017, with ranks related to 2017, given to each of 33 European countries considered. All the EU-28 countries plus Iceland, Norway and Switzerland, and Republic of Macedonia and Turkey, are included into analysis. Since other EU candidate countries did not offer all the data, they were not included.

Table 2. Adult participation in learning*, in 2006 and 2017 for 33 European countries, sorted descending by 2017

Rank by 2017	Country Code	APinL_2006	APinL_2017 (sorted)	Rate of change 2017/2006 (%)
1	CH	22.5	31.2	38.7
2	SE	18.8	30.0	59.6
3	DK	29.2	27.3	-6.5
4	FI	23.1	27.2	17.7
5	IS	27.9	24.4	-12.5
6	NO	19.1	20.2	5.8
7	NL	15.9	18.8	18.2
8	FR	6.4	18.6	190.6
9	LU	8.3	16.8	102.4
10	EE	6.5	16.3	150.8
11	AT	13.2	15.5	17.4
12	UK	27.4	14.3	-47.8
13	SI	15.2	11.6	-23.7
14	ES	10.7	9.8	-8.4
15	PT	4.2	9.8	133.3
16	CZ	5.8	9.6	65.5
17	MT	5.5	9.4	70.9
18	DE	7.5	8.5	13.3
19	IT	6.1	8.2	34.4
20	BE	7.8	7.9	1.3
21	LV	7.3	7.5	2.7
22	CY	7.4	6.8	-8.1
23	HU	4.0	6.3	57.5
24	IE	7.4	6.1	-17.6
25	LT	5.0	5.9	18.0
26	TR	2.0	5.7	185.0
27	EL	2.1	4.5	114.3
28	PL	4.7	3.8	-19.1
29	SK	4.3	3.2	-25.6
30	HR	3.1	2.5	-19.4
31	MK	2.3	2.4	4.3
32	BG	1.6	2.3	43.8
33	RO	1.5	1.1	-26.7

Source: Adult participation in learning by sex, Eurostat (2018d), Authors' creation

*Note: "The indicator measures the share of people aged 25 to 64 who stated that they received formal or non-formal education and training in the four weeks preceding the survey (numerator). The denominator consists of the total population of the same age group, excluding those who did not answer to the question

BUSINESS EDUCATION AND QUALITY ASSURANCE

'participation in education and training'. Adult learning covers formal and non-formal learning activities — both general and vocational — undertaken by adults after leaving initial education and training. Data stem from the EU Labour Force Survey (EU-LFS)“.

Figure 1 shows comparison of percentages for the APinL(total)in 33 European countries (EU-28 states plus selected candidate countries) with the EU-28 average in 2006 and 2017, with data sorted by 2017, indicating different dynamics in 2017/2006 over countries. In 2017, the leaders are highly developed countries, Switzerland (CH), Sweden (SE), Denmark (DK), Finland (FI) and Iceland (IS), as opposed to the transition countries at the bottom: Croatia (HR), Republic of Macedonia (MK), Bulgaria (BG) and Romania (RO), three of them belonging to the EU-28. Just to mention, that in 2016 Croatia was at the 5th position from the bottom, before Slovakia, whose rate of change for the APinL in 2017 towards 2006 is also negative, being -25.6%. The most impressive increase of 190.6% (Index $_{2017/2006}=290.6$) for France was noticed. In the same period, the most surprising decrease of even -47.8 (Index $_{2017/2006}=52.2$) is appeared for the highly developed United Kingdom.

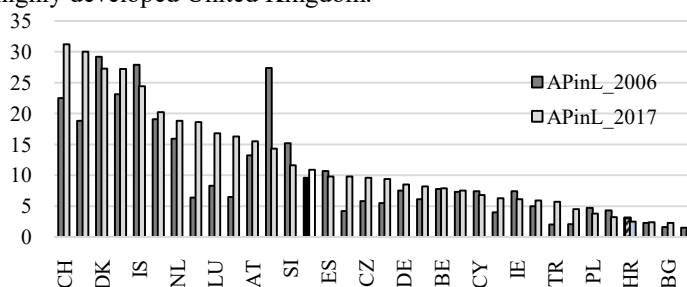


Figure 1. Adult participation in learning (% , total) in n=33 European countries and the EU-28 in 2006 and 2017 (sorted descending by 2017)
Source: Table for Adult participation in learning by sex, Eurostat (2018b), Authors' creation

Figure 1 shows that many highly developed countries with the highest values for the APinL are above the EU-28 average, but it also shows a surprising fact that several highly developed countries,

BUSINESS EDUCATION AND QUALITY ASSURANCE

such as Ireland (IE), Germany (DE), Belgium (BE), and some others, are below the EU-28 average.

Figure 2 shows slightly increasing linear trends for the APinL in EU-28 and Croatia (HR) for the period from 2012 to 2017. A short-term forecast, based on the linear trend extrapolation, only for 2018 was calculated.

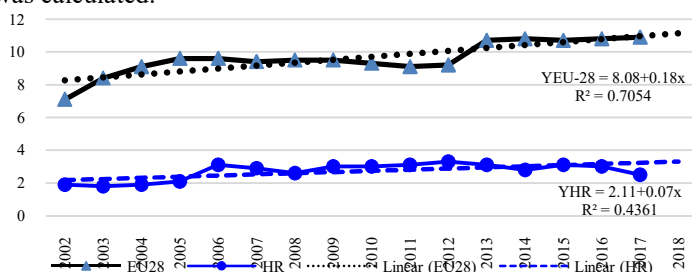


Figure 2. Adult participation in learning (percentage, Total) trend in EU-28 and Croatia for the period 2002 to 2017 and the forecast for 2018.

Source: Eurostat (2018d), Authors' creation.

For the EU-28 the best fitted trend model is the simple OLS linear trend model, Figure 2, showing an increasing tendency, with the equation $APinL_{Trend(EU-28)} = 8.083 + 0.179x$, with the coefficient of determination of $R^2 = 0.7054$.

For Croatia, the OLS estimated quadratic trend (increasing/decreasing) was shown to be the best fitted, Figure 2, having the equation: $APinL_{Trend(HR)} = 2.169 + 0.2516x - 0.014x^2$, with the coefficient of determination of $R^2 = 0.4989$. Conclusion regarding Croatia is that its line is going down, forecasting a very bad perspective for Croatian APinL indicator.

Even though the authors wanted to analyse of all seven variables for all 33 countries in 2017, it was not possible since some of the countries did not offer data for that year. Further, the variable GDPpc in PPS, Index EU-27=100 has shown that there only one strong outlier exists, for Luxembourg, so, it was excluded from the data analysis. Table 3 gives data for all variables for 27 countries in 2017. After the new mean for 27 countries was calculated, Ireland data for GDPpc appeared to be outlier, with=3.1,

BUSINESS EDUCATION AND QUALITY ASSURANCE

see table 3, but it was accepted being not too serious, so, the Ireland data remained for the further study.

Table 3. Descriptive statistics results for all the variables, n=27 countries, 2017

Descriptive Statistics	$Y_{APinL2017}$	X_{GDP_PPS}	X_{EMPLOY_RATE}	X_{EDUC_L0-2}	X_{EDUC_L3-4}	X_{EDUC_L5-8}	$X_{DIGSKILLS}$
Mean	11.08	94.11	72.49	24.19	47.28	28.53	55.81
Standard Error	1.51	5.61	1.08	2.01	2.09	1.39	2.51
Median	8.90	89.00	73.30	21.10	45.20	29.70	55.00
Mode	2.30	77.00	73.40	21.10	41.20	#N/D	50.00
Std. Deviation	7.85	29.15	5.59	10.46	10.88	7.20	13.04
Kurtosis	0.61	1.92	0.67	1.52	-0.51	-1.16	-0.14
Skewness	1.11	1.08	-0.79	1.41	-0.22	-0.21	-0.12
Range	29.30	135.00	24.00	39.70	41.60	24.30	50.00
Minimum	1.10	49.00	57.80	12.00	24.90	15.30	29.00
Maximum	30.40	184.00	81.80	51.70	66.50	39.60	79.00
Count	27	27	27	27	27	27	27
Coeff. Of Var.	70.85%	30.98%	7.71%	43.27%	23.01%	25.24%	23.36%
Zmin=	-1.3 Romania	-1.5 Bulgaria	-2.6 Greece	-1.2 Lithuania	-2.1 Spain	-1.8 Romania	-2.1 Bulgaria
Zmax=	2.5 Sweden	3.1 Ireland	1.7 Sweden	2.6 Portugal	1.8 Czech R.	1.5 Ireland	1.8 Netherlands
Outlier		Ireland					

Source: Eurostat, Authors' creation

Exploratory data analysis shows that all the variables have moderately strong to strong data dispersion. The highest value of coefficient of variation, CV=70.85%, is shown to be for the main variable under study, APinL, denoted here as $Y_{APinL2017}$ (since it will take the role of the dependent variable in the following chapter, while the remaining variables will be the independent ones, taking the symbol X, respectively). It implies that the countries are very different regarding the APinL and that the 27 countries average (11.08) is not representative. Median tells that first half of the countries have 8.90 or smaller percentage of APinL, and the other half of them have 8.9 percent or above it. The minimum for APinL is noticed for Romania (1.1 percent), and the maximum (30.40) for Sweden, as given in Figure 1, giving the range of 29.30. Among

BUSINESS EDUCATION AND QUALITY ASSURANCE

other variables, Participation rate in education and training, for less than, primary and lower secondary education (levels 0-2), X_{EDUC_L0-2} , shows quite large variability with CV=43.27%, with minimum of 12.00 percent for Lithuania and maximum of 51.70 percent for Portugal.

4. CORRELATIONS AND REGRESSION MODEL BUILDING

The correlation between the variables was investigated using the correlation matrix presented in Figure 3.

	$Y_{APinL2017}$	X_{GDP_PPS}	X_{EMPLOY_RATE}	X_{EDUC_L0-2}	X_{EDUC_L3-4}	X_{EDUC_L5-8}	$X_{DIGSKILLS}$
$Y_{APinL2017}$	1.0000						
X_{GDP_PPS}	0.5404	1.0000					
X_{EMPLOY_RATE}	0.5462	0.3615	1.0000				
X_{EDUC_L0-2}	-0.0137	0.0443	-0.3966	1.0000			
X_{EDUC_L3-4}	-0.3346	-0.3871	0.1387	-0.7721	1.0000		
X_{EDUC_L5-8}	0.5242	0.5193	0.3650	-0.2875	-0.3867	1.0000	
$X_{DIGSKILLS}$	0.8032	0.5961	0.6192	-0.1348	-0.2160	0.5209	1.0000

Figure 3. Correlation matrix for n=27 EU-28 countries, without Luxembourg, for 2017.

The research hypotheses was proven, since correlations are for five variables bigger than 0.5. According to Figure 3, $Y_{APinL2017}$ is moderately to weakly positively influenced, with the coefficient of correlation larger than 0.5, by the Gross Domestic Product per capita in Purchasing Power Standards (GDPpc in PPS, Index EU-27=100), X_{GDP_PPS} ($r=0.5404$), by the Employment rate, % of individuals, denoted as X_{EMPLOY_RATE} ($r=0.5462$), by the Participation rate in education and training, percentage of persons with tertiary education (levels 5-8) X_{EDUC_L5-8} ($r=0.5242$). The strongest positive correlation of $Y_{APinL2017}$ exists with the indicator defined as the Individuals who have basic or above basic overall digital skills by sex, % of individuals aged 16-74, all Individuals, denoted like $X_{DIGSKILLS}$, where $r=0.8032$. The remaining variables,

BUSINESS EDUCATION AND QUALITY ASSURANCE

X_{EDUC_L0-2} and X_{EDUC_L3-4} , have a very weak negative impact on $Y_{APinL2017}$.

In further analysis, after examining various models, finally two OLS multiple linear regression models were developed and checked for diagnostics.

As already mentioned, since among the EU-28 countries, Luxembourg (LU) data for X_{GDPpc} appeared to be a serious outlier, only 27 countries for the linear regression models were kept.

Two models were developed, both without any regression model assumptions violation:

- **Model 1**, with $K=2$ regressors for $n=27$ countries in 2017. The dependent variable is $Y_{APinL2017}$, and the independent variables are the Gross Domestic Product per capita in Purchasing Power Standards (GDPpc in PPS, Index EU-27=100), denoted here as $X_{GDPpcPPS2017}$, and the Unemployment rate, % in total groupage group 20-64, denoted as X_{EMPL_RATE} ; and
- **Model 2**, with $K=1$ regressor for $n=27$ countries in 2017, too. The dependent variable is $Y_{APinL2017}$, and the independent variable is Individuals who have basic or above basic overall digital skills by sex, percentage of all individuals aged 16-74, $X_{DIGSKILLS}$.

Model 1

The OLS estimated multiple linear regression model for 2017 for 27 EU-28 member states, without Luxembourg, looks as follows:

$$\hat{Y}_{APinL2017} = -40.02 + 0.11 \cdot X_{GDPpcPPS2017} + 0.57 \cdot X_{EMPL\_RATE}$$

(15.8) (0.04) (0.23)

$$R^2 = 0.4337, R = 0.6586, n = 27, F = 9.19, \hat{\sigma} = 6.15, CV = 55.51\%$$

The variable $X_{GDPpcPPS}$ influences Y_{APinL} in a statistically significant way at 5% sig. level ($t=2.395$, $p\text{-value}<0.024$). For every unit increase in $X_{GDPpcPPS}$, having the X_{EMPL_RATE} unchanged,

BUSINESS EDUCATION AND QUALITY ASSURANCE

the regression value of the Y_{APinL} will increase by 0.11 percentage points.

The variable X_{EMPL_RATE} influences Y_{APinL} in a statistically significant way at 5% sig. level ($t=2.450$, $p\text{-value}=0.022$). The regression coefficient of determination R^2 shows that the model explains 43.37% of total variation.

For one index point increase in $X_{GDPpcPPS}$ (index to EU-28), the regression value of Y_{APinL} would increase by 0.11 percentage points. Regression coefficient of variation equals 55.51%, indicating moderately good representativeness of the estimated multiple regression Model 1.

Model 2

Simple liner OLS regression model was estimated for $n=27$ countries of the EU for 2017 as follows:

$$\hat{Y}_{APinL2017} = -15.91 + 0.48 \cdot X_{DIGSKILLS} \quad (4.11) \quad (0.07)$$

$$R^2 = 0.6452, R = 0.8032, n = 27, F = 45.46, \hat{\sigma} = 4.77, CV = 43.05\%$$

The variable $X_{DIGSKILLS}$ influences Y_{APinL} in a statistically significant way at 1% significance level ($t=6.74$, $p\text{-value}=4.57E-07$). For every unit increase in $X_{DIGSKILLS}$, the regression value of the Y_{APinL} will increase by 0.45 percentage points.

Regression coefficient of determination R^2 shows that the model explains 64.52% of total variation.

Regression coefficient of variation equals 43.05%, indicating moderately good representativeness of the estimated regression Model 2.

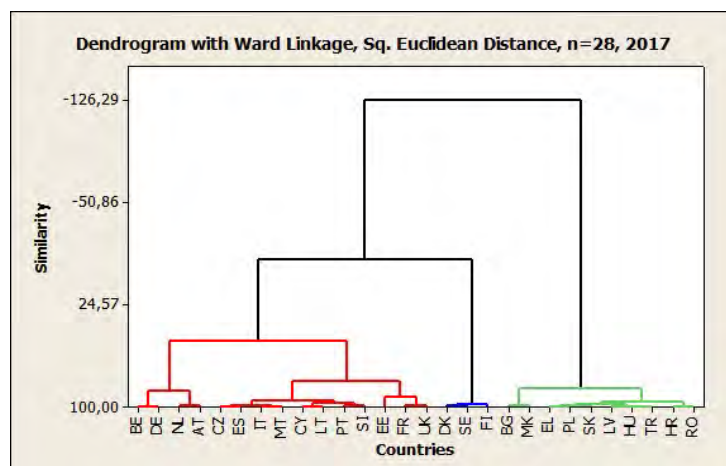
For both Model 1 and Model 2, the regression diagnostics shows the models' validity. The White's test for heteroskedasticity shows that there is no problem of heteroskedasticity at 1% significance level. Chi-square test for normality of residuals shows that there is no problem of non-normality at 5% significance level.

BUSINESS EDUCATION AND QUALITY ASSURANCE

Since for the Model 1, the Variance Inflation Factor $VIF < 5$, the multicollinearity problem does not exist.

5. CLUSTER ANALYSIS

The dendrogram, Figure 4, using the Ward linkage and the squared Euclidean distance, was developed for selected $n=28$ European countries and data for only APinL and GDPpcin 2017 (after outliers were excluded, Luxembourg and Ireland, and with Republic of Macedonia and Turkey included).



Source: Eurostat (2018d), Eurostat (2018c), Authors' creation

Figure 4. The dendrogram, based on APinL and GDPpc for $n=28$ countries (EU-28 without LU and IE, and with EU candidates MK and TR)

The clusters in Figure 4 suggest that middle to low-developed transition countries and /or EU candidates and those South-East European countries gather in the cluster of their own: Bulgaria, Republic of Macedonia, Greece, Poland, Slovakia, Latvia, Hungary, Turkey, Croatia, and Romania (10 countries).

Three highly developed countries, Sweden, Finland, and Denmark, with the highest level of ICT and digital performances are in their cluster, too. The third cluster is devoted to those that are

BUSINESS EDUCATION AND QUALITY ASSURANCE

quite developed, but in the middle regarding the APinL and GDPpc variables: Belgium, Germany, Netherlands, Austria, Czech Republic, Spain, Italy, Malta, Cyprus, Lithuania, Portugal, Slovenia, Estonia, France, and United Kingdom (15 countries).

6. INTERNET USE AS POSSIBILITY TO ENLARGE THE ADULT PARTICIPATION IN LEARNING

Finally, an additional graphical analysis in Figure 5 was performed regarding some potentials for increasing the APinL in the digital era for all the countries, and especially for those who appeared to be weak in lifelong learning.

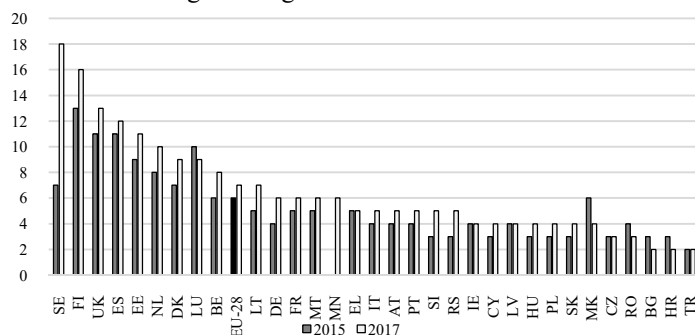


Figure 5. Internet use: doing an online course (of any subject), % of individuals aged 16 to 74, for 33 European countries and the EU-28, 2015 and 2017 (data ranked by 2017)

Source: Eurostat (2018e)

The internet use for doing courses online shows a great potential, like many other digital society indicators, for enlargement of the APinL percentage at a low cost, which will be especially important for the countries that are at the lower economic development level.

CONCLUSIONS

In the recent period from 2006 to 2017, the Adult participation in learning (APinL) percentage shows an increase in majority of

BUSINESS EDUCATION AND QUALITY ASSURANCE

European countries, being for the EU-28 at 9.6% in 2006 and 10.9% in 2017. However, there are some negative examples. E.g. in Croatia a decrease of APinL from 3.1% in 2016 to 2.5% in 2017 has been noticed and similar in Romania and Bulgaria.

Even though the Cedefop Survey discovered the skill shortage of the available employees, it might be assumed that different skills have a great chance to be improved through the adult learning in European countries. A growing lifelong learning of adults performs a great chance for improving knowledge needed for the future jobs. Developing digital society and internet use for doing courses online give a great support for increase of the Adult participation in learning percentage free, or at a low price. This might help the countries that are at the lower economic development level to improve the APinL percentage.

When using the GDPpc and the APinL, the most developed and the richest European countries are clustered, and those less developed gathers in the same cluster, too. However, some countries, like Croatia and Romania, are shown to be a very specific, since very high economic emigration rates, to these countries are losing their people as the candidates for improving the APinL. The digital era offers cheap ways of learning and training, but economic crisis and increasing economic emigration in some countries processes are not working in favour.

In Croatia, relatively huge decrease of the APinL from 3.1% in 2006 to 2.5% in 2017 exists, comprising the decline of 20%. Among 33 European countries, Croatia has been ranked at the fourth place from the bottom, leaving only Republic of Macedonia, Bulgaria and Romania behind. Similar trend from 2006 to 2017 was noticed for Romania, too. In the same time, the Republic of Macedonia and Bulgaria showed an increase in 2017 compared to 2006.

The regression analyses performed has proven the research hypothesis that the Gross Domestic Product per capita (GDPpc), the employment rate, as well as the educational level, especially those higher, and the digital society development indicators, all have the positive impact on the APinL.

BUSINESS EDUCATION AND QUALITY ASSURANCE

Since the Cedefop (2015) survey on skill shortages and gaps in European enterprises shows that workers' skills of different scope required by the workforce are characterized by larger skill gaps, the authors are motivated for the further investigations of the APinL, as the means the bridging that gap. It might be assumed that nowadays the workforce should use the digital society advantages to increase the noticed skill shortage as compared to the labour market demand. Using possibilities of lifelong learning people from the workforce enable better literacy, better reading, writing and maths skills, as well as better language and communication skills. In such a way, the workforce improves its mobility and achieves better employability.

The APinL has the targeted for the EU 15% by 2020, but the researchers would wonder if this might be realized, since some social and economic trends in many developing and in even developed countries are not helpful towards that goal, so the further research should be encouraged.

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BUSINESS EDUCATION AND QUALITY ASSURANCE

ETHICS AND MORAL VALUES IN THE CONCEPT OF GLOBAL EDUCATION

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Blagica Novkovska
Valentina Mucunska Palevska

Abstract

This paper discusses the concept of global education, which is very important in global society and globalization of the labor market. These issues are not yet enough recognized and their application is still limited, particularly in the area of higher education in less developed countries.

Global education is aimed at preparing learners to acquire basic knowledge and information about current issues on the social, economic, political, and cultural life that will enable them to build appropriate understandings, attitudes, and skills. Therefore, its goal is to prepare the learners for global, conscious and proactive participation in local, as well as in global environment.

The essence of this approach is based on ethics and moral norms and values, respect of human rights, multiculturalism, respect of individuality and diversity at the same time.

The concept of global education in higher education process is aimed at emerging the need of its wider inclusion. In this paper a comparative analysis of study programs has been made, at some universities in South Eastern Europe (SEE).

The paper's analysis identified the level of commitment of higher education institutions at enabling young people to gain the necessary knowledge and skills for business ethics and moral values.

Keywords: global education, higher education, business ethics

JEL classification: I 21, I 23

INTRODUCTION

Substantial changes in education occurred in the second half of the twentieth century, influenced by global changes and mainly led by UNESCO agenda between 1950 and 1975 (Gould, 2014). The

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BUSINESS EDUCATION AND QUALITY ASSURANCE

main principle around which it was built is that the education is a universal human right. The main goal is to increase the enrolment in all education levels and to decrease the gap between developed and developing countries, mainly by development of curricula and textbooks. Experience from the western countries has been used as a starting model for other countries. In this period, researchers focused on: diverse human values; global economic, political, ecological, and technological systems; global problems and issues and the history of contact and interdependence among peoples, cultures, and nations (Anderson, 1979). From nineties of the previous century, the main player in the global education became the World Bank and still keeps this role (Zapp, 2017). The crucial document valid nowadays is *Learning for All* (World Bank, 2011). Macedonia was actively participating in the activities of various World Bank programs aiming at improvement of its educational system, such as *Education for all* (Goldstein, 2004). Particularly significant was the *Education Modernization Project* (Ishii, 2008).

The above mentioned changes attracted marked interest of researchers. Thus, Ansell (2015) further explores in details the six processes proposed by Gould (2014). The first two goals, to ensure everywhere for children to finish primary education and gender equality in primary and secondary education, became part of the Millennium Development Goals (Fukuda-Parr, 2017). The elements are the study of: (1) diverse human values; (2) global economic, political, ecological, and technological systems; (3) global problems and issues; and (4) the history of contact and interdependence among peoples, cultures, and nations.

Moral and ethical issues are identified as particularly important for higher education and hence studied in several works (Ismaili et al, 2011; Matthews and Sidhu, 2005; Silvera and Stocker, 2018).

In this work the case of South Eastern European countries (SSE) is studied, particularly from the aspect of ethic and moral content in the higher education study programs in the region. These countries are subject to rapid changes in the last few decades and the issue of implementation of social and moral values in their higher education presents an important challenge. Particular studies

BUSINESS EDUCATION AND QUALITY ASSURANCE

already published confirm such an interest (Jurić, Herceg Rendeli and Vuk, 2014).

Here we provide relevant data for some universities from the countries in the region and analyze them from the view of the level of commitment of higher education institutions to instruct moral and ethics values in their study programs.

1. METHOD OF WORK

In this paper has been made an analysis of the study programs at faculties of economics. The sample consists from universities in Republic of Macedonia, as well as universities in the region, including EU member countries and candidate countries.

Using comparative and descriptive method, the aim of this analysis is to determine whether in study programs at the faculties' courses which cover contents related to the concept of global education are included.

As mentioned above, the essence of this approach is based on ethics and moral norms and values as a foundation for preparing young learners for global, conscious and proactive participation in local, as well as in global environment. Accordingly, the analyses are made through contents covered with the course Ethics.

2. RESULTS AND DISCUSSION

In table 1 ethics subjects given by different universities are listed. It is seen that the courses are dominantly elective, with some exceptions (Rijeka). Number of credit points (ECTS) vary significantly by institution – from 2 to 8 ECTS points. There are also some variations of the course names, but these differences do not appear to be substantial. Therefore, one can conclude that the importance attributed to ethical courses varies substantially by higher education institution. Obviously, common standard for ethical education at university level has to be adopted in order to obtain similar results at different universities.

BUSINESS EDUCATION AND QUALITY ASSURANCE

Table 1. List of ethics subjects at universities

Countries	University/Faculty	Course	Status Core/ Elective	Year	Hours	ECTS
Macedonia	1.University Ss. Cyril and Methodius, Faculty of economics	Business ethics	Elective	/	/	8
	2.University Goce Delcev, Faculty of economics	Ethics	Elective	/	/	6
	3.University Ss. Kliment Ohridski	No course	/	/	/	/
	4.University of Tetovo	No course	/	/	/	/
Bulgaria	Sofia University, Faculty of Business administration	Business ethics	Elective	I	30	2
Croatia	University of Zagreb, Faculty of Economics and business	Business ethics	Elective	III/I V	60	5
	University of Rijeka, Faculty of Economics and business	Ethics and economics	Obligatory	I	30	3
Serbia	University of Belgrade, Faculty of economics	Leadership and ethics	Elective	/	/	/
Slovenia	University of Maribor, Business administration	Culture and ethics of an enterprise	Elective	II/III	45	6

Source: Data collected in this work are from various sources-web sides above listed universities

BUSINESS EDUCATION AND QUALITY ASSURANCE

3. THE CASE OF MACEDONIA

The analyses have been made on 4 Faculties of Economics on state universities in Republic of Macedonia. Analysis has shown that Ethics (in some cases the course is named Business ethics) is studied at two faculties, while at the other two faculties Ethics is not listed as a course subject. Where it exists, it is studied as elective university course with 6 or 8 ECTS.

Content analysis of the programs has shown that aim of the course is to enable students to acquire skills and competences for understanding fundamental ethical theories and to develop positive personal moral and ethic values and personal characteristics (independence, self-criticism, and self-evaluation), as a basis for independent moral judgment.

Courses cover topics related to acquiring knowledge about ethics as science, basic ethic concepts, different ethical theories and approaches through history, as well as topics from business ethics, as more specific and closely related issues to business sphere (ethic code, ethic values and behavior in business, social responsibility etc.).

4. ANALYSIS OF THE COUNTRIES IN THE REGION/OTHER COUNTRIES

The analysis of the countries in the region has been made on a sample which included Bulgaria, Croatia, Serbia and Slovenia.

From the preview in Table 1 it can be noted that the course Ethics can be found in all listed universities, with variations in its name (Business ethics, Ethics and economics, Leadership and ethics, Culture and ethics of an enterprise). It is studied as an elective course, with exception of the Faculty of Economics and business at University of Rijeka, where is studied as an compulsory course.

Regarding other determined criteria (study year in which the course is studied, credit points and number of lectures/classes) there are notable differences. Namely, this course is studied in I, II, III or IV year, and the number of hours varies from 30-60 hours. There

BUSINESS EDUCATION AND QUALITY ASSURANCE

are also very big differences in the credit points which vary from 2 to 6 ECTS.

The analysis has shown that in the cases of Croatia (University of Zagreb, Faculty of Economics and business) and Slovenia for this course are planned more credit points according European Credit Transfer System, with notion that the course is listed as an elective course, while in the case of Faculty of Economics and business, University of Rijeka, this course is only 3 ECTS, but it is listed as compulsory course which is studied in the first year of studies.

In the case of Bulgaria (lowest indexes for all criteria) the course is studied as elective and it is pointed with only 2 ECTS, while in Croatia the number of provided hours is the biggest.

Also analysis of the syllabi for this course has been made. Contents usually include topics from ethics as a science: definition of Ethics as a science, its main concepts and principles, ethic code, norms and values and ethical theories and approaches. Besides this, in some of the analysed curricula are also included topics pointed at making connection between ethics and business, for example topics like distinguishing instrumental rationality (profit maximization) from moral acting, or in the case of University of Rijeka, understanding the importance of ethics, and particularly with special emphasis on responsibility aimed at preparing students for acting in responsible manner, according main ethical values and norms, respecting moral codes in the business world. Other included topics are applicability of ethic standards in business practice, acceptable behavior in the business sphere, ethical standards and moral responsibility, ethical principles and theories and their application in business ethics, moral conflicts etc.

It is noticed that in some of analysed cases curriculum covers topics as leadership and organization and culture.

CONCLUSIONS AND RECOMMENDATIONS

Based on previous made analyses, it can be concluded that Ethics is studied as a course at faculties of economics at universities in the region, but there are noticeable differences related to some of the

BUSINESS EDUCATION AND QUALITY ASSURANCE

mentioned criteria. Namely, Ethics is included in curricula, but with different course names (Business ethics, Ethics and economics, Leadership and ethics), and with significant differences in the number of credit points. Similarities are noticed in the aim of the course and contents covered with topics, as well as its status, usually as an elective course.

Regarding all mentioned before, it can be concluded that in order to prepare young people for the labour market, studying ethics plays a great role. Special emphasize must be placed on the ethical issues, as the basis for building good society in which fairness, justice, responsibility, cooperation and equality are the core values. Society of tomorrow needs people prepared to take responsibility and to act in accordance with moral and ethical values, at local and global level.

At this context, commitment from all included parties (education institutions, students, business sector) is needed as a prerequisite if we want to achieve this goal. Higher education institutions have a significant role to play in fostering ethical dimension, by including courses and topics in their curricula which will be pointed at enabling students to develop skills for critical thinking, moral judgement and responsible moral acting and to acquire essential ethical knowledge, skills and competences that will prepare them for their responsibilities in the business world.

Recommendation is that Ethics/Business ethics should be studied at all faculties of economics as a compulsory course, with larger number of lessons and credit points. Also, topics regarding ethical issues are cross-curricular and they should be emphasized through all other courses.

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HR MANAGEMENT & LEADERSHIP SKILLS AND COMPETENCES

ESTABLISHMENT OF TALENT DEVELOPMENT SYSTEM TO INCREASE THE PROFESSIONAL SKILLS OF EMPLOYEES

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Abstract

The paper is an action research conducted to demonstrate the connection between the establishment of a talent development system and the increasing professional competence of teachers. Employee talent management is one of the most up-to-date and most effective tools in the management of human resources management. It is precisely the talent management of employees that increases the effectiveness and efficiency of the organizational team. By establishing talent management as an organizational culture, employees are treated in terms of their talent for the work they are doing from admission to the organization, up to their retirement. In the development and achievement of the goals, as well as in creating added value for the organization, the talents are most contributing. Depending on the activity of the organization, employees with their talent can improve their work, increase their income, improve the image of the organization in the public. They have a huge impact on the performance of an organization. It is an integrated set of human resource management practices that deals with attracting and employing talented people in the organization in order to contribute to the growth and development of the organization with their specific, advanced knowledge. Although technical and technological progress has led to the development of particularly productive machines, human capital remains the most important for companies, as technical and technological progress is actually the result of human capital work. The concept of professional competencies for decades occupies an important place in the theory of business economics and in managerial practice, because it represents an unavoidable input in the process of measuring the results of organizations. In the paper, research was conducted in the primary schools in the Republic of Macedonia.

Keywords: talent management, system development talents, effectiveness, efficiency, recruitment and selection of talent, development of professional competencies.

JEL classification: J53

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HR MANAGEMENT & LEADERSHIP SKILLS AND COMPETENCES

INTRODUCTION

The talents are the thing that contributes the most in the development and in the achievement of the goals, as well as in the creation of an additional value. Regarding the activity of the organization, the employees with their talent can advance the work, increase the incomes, and improve the image of the organization in the public. They have huge impact over the work of one organization. Talent management is a set of scientific hypothesis that aim towards becoming a separate scientific discipline. It is a matter of integral set of hypothesis of human resource management that works with retirement and employment of talented people in the organization, who using their special, advanced knowledge, will contribute in the growth and the development of the organization. Even though the technical and the technological progress lead to development of very productive machines and furthermore the human capital is of the greatest value for the companies, because the technical and the technological progress is in fact a result of the work of the human capital.

1. TALENT MANAGEMENT

The talent of the employees can be considered a complex combination of skills, knowledge and abilities, as well as cognitive potentials.¹ The talent, in fact, is a set of ideas, knowledge and skills of the employees that give them the potential to, regarding the sources which are on their disposal, produce disproportional great value.²

Today, the managers of all organizational levels are aware of the meaning and the role of the talented individuals and their potential contribution in the business procedures, thus the organizations do aggressive campaigns for finding and engaging

¹ Tansley, Harris, Stewart, & Turner, *Talent management: Understanding the dimensions*, 1 – 25.

² Goffee & Jones, “Leading clever people”, 72-79.

HR MANAGEMENT & LEADERSHIP SKILLS AND COMPETENCES

talents, which on global level results in “war for talents”. This specific fight for talents among the organizations is not provoked only by the growth of the awareness for the meaning of the talents in the realization of the business goals, but also by the real shortage of talents on the local and the global labor market.

The deficit of talents is a result of different factors which can be summed to:

- Ageing of the population
- The system of the education which does not create enough bachelors and potential employees with skills necessary for important work places
- Insufficient investment in the organizational training

Moving towards economy of knowledge, which is motivated by the qualified and well-trained workers with knowledge.

Having in mind that the ageing of the population is most expressive in the developed countries, great number of organizations which operate there can feel the strong limit in their own development, which occurs as a result of shortage of talents on the labor market. This is a reason why many countries decide to change their immigration policy and relaxation of the legislation in this area in order to motivate flow of young people from the less developed countries. This policy has many negative effects, but the need for talents is so big that exceeds the fears regarding potential negative immigration consequences³

Regardless the attractive offers which the organizations are ready to give, there are many reasons due to which the talented workers decide not to change the area where they currently live. A lot of organizations which want to attract talents, must provide work environment where the people would be able to show their talents.⁴ Due to this there are real expectations that the organizations in search of talents, will become more international and will do dislocation and concentration of their resources in the

³ Blau, “Europe's Battle for Technical Talent”, 3-5.

⁴ Collins, “Talent Wars”, 34-36.

HR MANAGEMENT & LEADERSHIP SKILLS AND COMPETENCES

countries where there can be found enough talented individuals on the local labor market.⁵

The talent management is a new approach for business planning and human resources managing and it is a new way for achieving organizational efficiency.

Such approach secures improvement of the performances and the potentials of the employees, especially of the talents who can make significant difference for the organization in the present and the future.⁶

The management with talents is a new way to achieve organizational efficiency through combination of strategic approach on the human resources and the business planning which leads to better performances, realization of the potential of the employees, implementation of the strategy and operation activities. In practical sense, the management of the talents can make a great contribution towards the efforts of the professionals who are in charge of dealing with the needs of the individuals and the organization as a whole.⁷

Even though it is a matter of a new concept for management of human resources, which is successfully implemented in practice, the talent management is still not fully constituted and because of that there is a parallel development and also a process of critic analyses. The theoreticians identify three perspectives of talents management⁸:

1. Talent management is just a substitute for human resources management
2. Talent management is a new brand for human resources management (rebranding)

⁵ Krell, "The Global Talent Mismatch", 68-73.

⁶ Ashton, & Morton, "Managing talent for competitive advantage", 28-31.

⁷ Garrow, & Hirsh, "Talent Management: Issues of Focus and Fit", 389-403.

⁸ Lewis & Heckman, "Talent management: A critical review", 139-154.

HR MANAGEMENT & LEADERSHIP SKILLS AND COMPETENCES

3. Talent management is non-defined good that comes from human and demographic perception.

Short retrospect of the talent management concept is given by other authors⁹ who enunciate the statement that:

- The talent management, in fact, is not different than the human resources development or in other words the human resources management
- Talent management is an integral development of human resources with selective focus,
- Talent management implies organized focused development of competitions.

When we talk about talent management, it can be emphasized that there are a lot of approaches through which the knowledge and the importance of the talent management for the organization come closer. The talent management is defined as overall and integral structure of many different joined activities for human resources management due to drawing, motivation, development and maximum usage of all potential individuals with knowledge and skills which have strategic value in the realization of the competitive advantage, further development and success of the organization.¹⁰

Other authors define this term simple, as putting the right people with needed skills on the right place at the right time. Talent management is not just other term for development of the employees, but it involves identifying, procuring, employment and development of the employees with high potential for success in the organization.¹¹

From the already mentioned it can be concluded that talent management involves series of mutually joined activities and tasks

⁹ Ilesa, Preeceb & Chuai, "Talent management as a management fashion in HRD: towards a research agenda", 125–145.

¹⁰ ¹⁰ Bahtijarević-Šiber, *Strateški menadžment ljudskih potencijala – Suvremeni trendovi i izazovi*, 111.

¹¹ Laff, *Talent Management: From Hire to Retire*, 42-48.

HR MANAGEMENT & LEADERSHIP SKILLS AND COMPETENCES

directed towards the above average employees. According to the organizations Berger and Berger¹² in order to become successful, they should pay attention on the three key areas in the talent management:

- ✓ Identification, selection, development and keeping of talents, in other words executive individuals who make superior difference, simultaneously motivating the others to achieve superior results. A source is the key competitions and the creation of value for the organization. Their leaving will make significant impact on the organization success, because they are doing the activities and the organization success largely depends on them.
- ✓ Identification and development of the employees who in future will be on key positions in the organization. It is very important to implement succession of the key positions in order to avoid problems that will lead to additional costs and it will question the further development of the organization.
- ✓ Classification and investment in each employee regarding his current contribution and/or potential for achieving superior results in future. Additionally, it is very important to respect the hierarchy of the employees.

The organizations which look forward know that finding, developing and keeping talents is the key to success.

2. MODEL FOR TALENT MANAGEMENT

Talent management is a process which enables the company to have employees with necessary skills, on the right place and at the right time.

The model for talent management is based on five key processes:

1. Identification of the need
2. Collecting and data analysis
3. Planning

¹² Berger & Berger, *The Talent Management Handbook*, 268.

HR MANAGEMENT & LEADERSHIP SKILLS AND COMPETENCES

4. Activity

5. Results

The measuring of the talent management results is important due to the costs that arise during the implementation of this system, because the implementation of the costs and the acquisitions is the best way to establish the effects of the implementation of the whole system.

Cappelli¹³ suggests four principles that should be followed by the organizations:

- ♦ Answering the dilemma whether to create or to buy in order to manage the risk – Internal development of talents implies significant investments and the organizations in certain situations should consider the possibility to engage talents from external sources, instead from the employees.

Adjusting to the uncertainty in the talent search – the first adjusting manner implies short programs for development of talents with general knowledge and skills, who after a certain period of time can be specialized. Other option is creating talents in the organization, who will use different business units.

- ♦ Improvement of the investment transfer for development of the employees – this can be realized through the volunteering programs or through maintaining relations with the former employees who, at a certain time, can be hired again.
- ♦ Protection of the investments in talents through balance of the interests among the employees and the employers – main reason why the talents leave the organization is finding better conditions and because of that the organization should make effort to keep them until their demands are reasonable and economically justified.

The use of the mentioned principles can enable maximization of the effects based on talent engaging, but at the same time constituting systems for talent management and their optimization.

¹³ Cappelli, “Talent Management for the Twenty-First Century”, 74-81.

HR MANAGEMENT & LEADERSHIP SKILLS AND COMPETENCES

In the process of forming the system for talent management the organizations can:¹⁴

- ♦ move processes and practices for talent management in the entire organization, thus to identify and align the key talents with the business initiatives that create the greatest values
- ♦ Holistic management with internal and external talents in order to attract and hire the best talents, as well as alignment of the alternative talents
- ♦ Identification and formation of talents in the management structures, who are ready to support new initiatives at any given time
- ♦ Implementation of integral and flexible processes and systems of talent managements that can be changed and adapted to the business needs quickly.

Effective talent management helps the employees to give their all, but it also helps in the creation of permanent business success and greater pleasure with the clients.

3. STRATEGIC APPROACH TO TALENT MANAGEMENT

The strategic approach to talent management can be looked through many elements and each element can be looked as a process in function of realization of the talent management strategy. The initial process starts with talent recruiting and there are two possibilities for realization of this process: internal and external recruitment and the mentioned options should be looked as compactible, not as alternative possibilities. The reputation of the organization is key factor, which influences on the ability to attract talents.

Keeping the talents who are on disposal in the organization is one of the most difficult tasks in talent preserving. The people with potential are aware for their opportunities and ask for more amenities in the work relations. On the other hand, there are organizations which are ready to find talents that are proven and

¹⁴ Phillips, "Tapping into the next talent generation", 26-31.

HR MANAGEMENT & LEADERSHIP SKILLS AND COMPETENCES

with high performances, from other organizations, instead of finding and developing ones themselves.

Important element for talent management regards their performances, further development, and collaboration with other talented individuals in the organization in order to share knowledge, career management and succession of managing positions. The formed talent team is not static category, because the real needs of each talented individual in the organization are determined through continuous revision. Set of talents, whose size and structure depends on the demand of the organization, should be secured with the integration of the elements in one aggregate.

Having in mind the fact that in context of the modern management of human resources, the employees are considered as asset in the organization and not expense, it can be established that the talents are the most valuable part, which at the same time creates significant expenses. Regardless of the fact that their contribution exceeds the expenses for their engaging, Coach¹⁵ suggests that each program for talent management should be based on four elements:

- ♦ Differentiation
- ♦ Analysis and ranging
- ♦ Managing with performances and talent performance improvement
- ♦ Transparency

The differentiation is regarding making difference among employees to ones who are good executors, technical experts, team executors and ones who are not good executors and should be eliminated from the organization.

The analysis and ranging should contribute by identifying talents in the organization itself, using comparison of the skills and the potentials of the employees.

The public approval of the talent performances is known as process of talent branding, which can lead to favoring of individual

¹⁵ Couch, "Talent Management: Build on Four Key Components", 18-19.

HR MANAGEMENT & LEADERSHIP SKILLS AND COMPETENCES

executors, but it also has many positive effects, such as motivation of the other employees to follow the best, talent development in the organization, attracting new talents etc.

Very important part of the talent management strategy is keeping and developing the talent in the individuals.¹⁶ These questions become more and more important if we take into consideration the high amount of expenses for talent recruitment and their deficiency on the labor market. Keeping the key talents in the organization should be supported through activities of the human resources activities that are additionally adapted for the talents and are related to the development of the individual plans for career or the developing programs that encourage and motivate the employees to develop themselves within the organization.

Supporting the previous opinions Kaye and Jordan-Evans point that in order to keep the talented individuals in the organization, they need to foresee the individual plans for keeping which point out the development and the balance between the work on one hand, and the free time and family life on the other hand – work-life balance.

The process of forming and implementation of the talent management strategy can be advanced using several simple principles:

- ❖ Development of the organizational culture which encourages the feedback
- ❖ The talents should be directed towards positive acting and limitation of opportunities for acknowledgement of negative characteristics
- ❖ Enlarging the system's flexibility and the talent management practice
- ❖ Development of capacities for early talent identification
- ❖ Choice of appropriate approach of talent management according the needs and opportunities of the organization.

¹⁶ Schweyer, *The Talent Management System: best practices for recruitment, retention, and workforce planning*, 25.

HR MANAGEMENT & LEADERSHIP SKILLS AND COMPETENCES

Having in mind the rivalry that exists among the organizations in their insurances to come to the talented individuals, the talent management strategy should also involve organization branding and promoting activities, as well as establishing close relations with the university institutions.

The branding can give key contribution in the enlargement of the organization's attractiveness for drawing and keeping the talents. Building corporate image and the profile of the desired employer is a set of related activities which should be focused on building appropriate organizational culture.

4. SURVEY

The survey which is the aim of this paper has a task to prove or to refute the assumption that establishing a system for talent management directly affects to enlargement of the employees' professional competences. For that purpose a hypothetical frame was elaborated in which all the relevant factors of one scientific survey are included: subject, problem, occurrence, aims, dynamics and sample of survey, hypothetical frame, independent and dependent variables as well as the pointers which are used for their argumentation.

The subject of survey in this work (paper) is:

Establishing system for development of talented employees through trainings and another type of education in order to increase the professional competences.

In this survey two goals were set: scientific and practical goal.

Scientific goal: The scientific goal of the survey is to obtain new knowledge about the domain that is studied, and that is the talent management.

Proving the application of the used measuring instruments to get relevant results for this type and similar surveys can also be set as a scientific goal.

Practical goal: The practical goal that rises out of this survey is the obtained results to be placed at the concerned parties' disposal so that they can improve their work on the basis of that.

HR MANAGEMENT & LEADERSHIP SKILLS AND COMPETENCES

The survey was conducted in the primary schools in Republic of Macedonia. 100 teachers and 20 managerial teams' representatives appeared as respondents.

In the empirical part there was used the survey technique:

- conducting a poll
- and as measuring instruments there were used:
 - two questionnaires
 - questionnaire for managers (managerial team) and
 - questionnaire for teachers.

The questionnaires are of closed type, and the respondents could answer with one of the three offered options.

In the process of argumentation of the hypothesis there were used the methods: analysis, synthesis, description, quantitative and qualitative methods.

The general hypothesis of the survey reads as follows:

If there is a system for talent managing in the organization, in terms of suitable recruiting and selection and suitable treatment in the institution, **then** the employees will develop their own talent in accordance with the institution's needs for concrete professional competences, and in function of increasing of the effectiveness and the efficacy of the working teams.

5. OBTAINED RESULTS

After the quantitative and qualitative analysis it was passed on to prove of the variables in order to prove the set hypothesis. After the analysis of all data of the Independent variable 1. ***System for development of talents*** and the Dependent variable 1.1 ***Development of professional competences***, as well as comparison of the obtained results of 1,76 and 2,45 which are in the field over 1,5, indicated as a needed result to prove the hypothesis, the allegation of the Individual hypothesis is proved 1.1, ***If there is a system of talent management in the organization, then the employees will develop their talent in accordance with the needs of the institution for concrete professional competences***, in other words the hypothesis was proved. The obtained results are visually shown in chart no.1.

HR MANAGEMENT & LEADERSHIP SKILLS AND COMPETENCES

1.1 INDIVIDUAL HYPOTHESIS

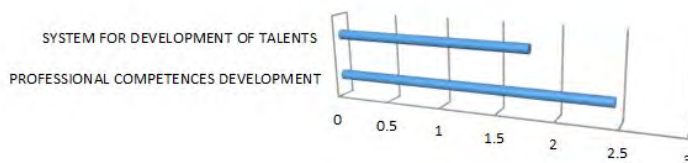


Chart No. 1 – Prove of Individual hypothesis 1.1

After the analysis of all data of the Independent variable 1.2 *System for development of talents* and the Dependent variable 1.2 *Effectiveness and efficacy of the organization*, and comparison of the obtained results of 1,76 and 2,67 which are in the field above 1,5, indicated as a needed result to prove the hypothesis, the Individual hypothesis 1.2. *If there is a system of talent management in the organization then the effectiveness and the efficacy of the teams they work in will increase*, is proved. The obtained results are visually shown in chart no. 2.

1.2 INDIVIDUAL HYPOTHESIS

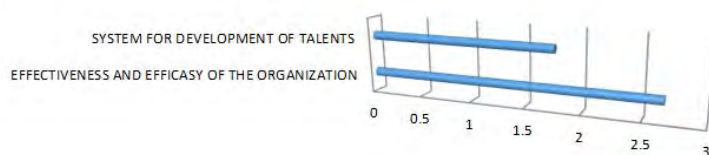


Chart No.2 – Prove to Individual hypothesis 1.2

After the analysis of all data of the Independent variable 2.1, *Recruiting and selection of talented employees* and the Dependent variable 2.1 *Development of professional competences, as well as* the comparison of the obtained results of 1,85 and 2,45 which are in the field above 1,5, indicated as a needed result to prove the hypothesis, the Individual hypothesis 2.1, *If there is suitable*

HR MANAGEMENT & LEADERSHIP SKILLS AND COMPETENCES

*recruiting and selection of talented employees in the organization **then** the employees will develop their talent in accordance with the needs of the institution for concrete professional competences*, is confirmed and proved. The obtained results are visually shown in chart no. 3.

2.1 INDIVIDUAL HYPOTHESIS

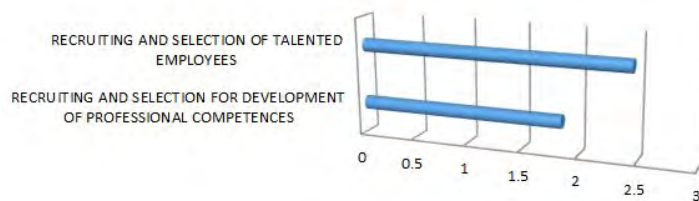


Chart No. 3 – Prove to Individual hypothesis 2.1

2.2 INDIVIDUAL HYPOTHESIS

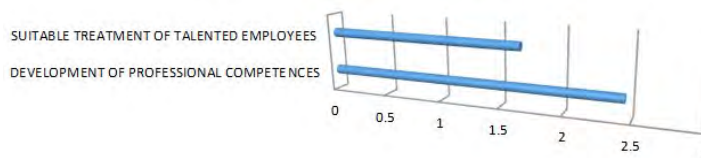


Chart No.4 – Prove to Individual hypothesis 2.2

After the analysis of all data of the Independent variable 2.2, *Suitable treatment of talented employees* and the Dependent variable 2.2 *Development of professional competences* as well as the comparison of the obtained results of 1,66 and 2,45 which are in the field above 1,5, indicated as a needed result to prove the hypothesis, the Individual hypothesis 2.2, *If there is suitable treatment of talented employees in the organization, **then** the individuals will develop their talent in accordance with the needs of the institution for concrete professional competences*, is proved. The obtained results are visually shown in chart no. 4.

HR MANAGEMENT & LEADERSHIP SKILLS AND COMPETENCES

After realizing all data and the results obtained from the survey, by which all of the four set individual hypothesis from the Individual hypothesis 1 and the Individual hypothesis 2 were confirmed and proved, we can automatically conclude that the allegation of the General hypothesis which reads as follows: *If there is a system for talent management in the organization, in a sense of suitable recruiting and selection and suitable treatment in the institution, then the employees will develop their talent in accordance with the needs of the institution for concrete professional competences, and in function of increasing of the effectiveness and the efficacy of the teams they work in,* is fully confirmed and proved as true.

CONCLUSION

In this work a hypothetical frame was set in which the general hypothesis was analyzed in two separate hypotheses. The separate hypotheses were consisted of two individual hypotheses each where there were crossed five variables in total.

The first variable was headed ***System for development of talent***. The existence of system for talent management of the employed teachers in the studied primary schools was established with this variable. The obtained result is poor in comparison with the rest of the variables, 1,76, but still this score of points is over the projected 1,5 points needed to prove the variable. It can be concluded that there is a kind of incomplete system for talent management of the teachers.

The second variable was headed ***Development of professional competences*** and it refers to that how much the professional competences of the employees in the organization can develop, which is the basis for usage of the talent of the talented teachers. This variable has score of high 2,45 points which indicates that the needed activities for development of the professional competences of the teachers are present in the schools.

The third variable headed ***Effectiveness and efficacy of the team***. This variable included the most of the questions in the questionnaires in order to include all the activities that the teachers

HR MANAGEMENT & LEADERSHIP SKILLS AND COMPETENCES

are obliged to do on their job positions, and in the same time to determine how effectively and how efficiently the activities are fulfilled. In spite of the insufficiently developed system for development of the talented teachers, still this variable has the highest score of points in the survey which is 2,67.

The fourth variable was headed *Recruiting and selection of talented employees*. This variable didn't get high score of points (1,85), but still is over the needed minimum to prove the variable. It is understandable if we have in mind the way of recruiting and selection of the candidates for a new job position in the educational institutions in Republic of Macedonia. The principles doesn't have many opportunities to carry out more complex selection of candidates.

The last fifth variable was headed *Suitable treatment of the talented teachers*. This variable has the lowest score of points in this survey, only 1,66 points. It directs to insufficient respect of the teaching staff that has talent for the work they do. This variable also has the needed minimum for argumentation, but however it is the weakest of all the studied variables.

The survey pointed out that although there is no maximum developed system for talent management in the schools, and although much more work to do is needed about the treatment of the talented employees, the professional competences of the employees take place continually and that should be praised, and also it shows the enthusiasm which is typical for the educational workers -the teachers in Republic of Macedonia, especially in the primary education.

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HR MANAGEMENT & LEADERSHIP SKILLS AND COMPETENCES

THE IMPACT OF THE SELF-ASSESSMENT ON THE CAREER DEVELOPMENT OF EMPLOYEES

Aleksandra Stoilkovska¹
Aneta Markovska Ilievska

Abstract

The paper is an action research conducted in order to prove the connection between self-assessment of a person and his career development.

Self-assessment, or self-evaluation, is a process of information about how we can make informed decisions about a career. It involves gathering information about one's own values, interests, personality traits and skills. Various tools are used to perform self-assessment.

Career development refers to improving the intellectual or social-psychological abilities of the person necessary for better performance of tasks.

If it comes to organizational career planning, unlike the individual, it is the process in which the organization's management plans the career development of its employees.

To prove the connection between the two set variables, a population survey of successful people was conducted, with the general hypothesis proven.

Keywords: Self-assessment, Career development, Personal development, Skills, Career planning, Performance

JEL classification: J53

INTRODUCTION

We live in times when everything changes very fast. Intense changes are happening in all areas of the society, whose range can be determined or foreseen very difficultly. We can't influence over many of such changes, but we can influence on the way we react to those changes. Each person, but also every organization, have to adapt rapidly so that they can remain competitive on the market,

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HR MANAGEMENT & LEADERSHIP SKILLS AND COMPETENCES

since success can be only achieved through changes and adaptation to those changes.

All those who are looking for new opportunities, whether employed or not, are directed towards the adoption of new, similar or other competencies and skills needed to perform certain tasks in order to meet the demands of new market trends.

Having knowledge related only to a particular profession is necessary, but not enough as a condition for success in the professional life and orientation. This requires additional knowledge, skills and competencies, which increase the chance of employment, ie career progress of each individual, since the 21st century has long been designated as a century of knowledge. The integration in this era of knowledge requires all individuals to constantly work on themselves, on the development of personal abilities and to improve them daily.

Career planning, as well as the process of career development, are of great importance for each individual - from setting their own goals, self-assessment, to developing plans for achieving goals.

A career in one area, that is, a job for an employer, is increasingly becoming a thing of the past. Today, every individual, regardless of his/her position, is expected to take responsibility for his/her personal and business future and to actively manage his/her career.

1. MODERN CAREER MANAGEMENT AND CAREER PLANNING OF EMPLOYEES IN THE ORGANIZATION IN THE 21ST CENTURY

The concept of a career in the 70s of the 20th century relates exclusively to the professional aspects of human life, but over time it changes with new dimensions, that is, meanings related to personal aspects, the community or the economy.

From an economic point of view, career is a sequence of professional positions of the individual, arising from the training and professional results associated with the professional development process (Handbook "Career Management", USAID 2016).

HR MANAGEMENT & LEADERSHIP SKILLS AND COMPETENCES

If the term career should be defined from the aspect of the opinion of the majority of authors working in the field of human resources, then the most appropriate definition of the term career would be: the term career means and encompasses all the jobs the employee has worked during his working life. (Mashich 2009).

Under the influence of major changes in the society and the rapid advancement of science and technology, the business world is in a constant process of unification in one whole, and from year to year it experiences transfiguration. The emergence of new occupations and new forms of work and employment through technology is just some of the changes that shake the business world.

In the 21st century, when education is no longer enough, the concept of lifelong learning is gaining in importance. Its goal is to advance knowledge, skills and abilities. It implies all forms of knowledge and skills acquisition, both through formal and non-formal and informal learning, in all life ages. Therefore, modern management promotes joint career planning for employees between the organization and the individuals. However, this in practice does not go as easily. The unreal perception of individuals for their own abilities and qualities contributes to creating a false idea of one's own personal quality. Choosing a faulty working position can be fatal to one's career, while at the same time it reflects on the quality of employees.

The report prepared by the European Commission (more specifically, its Institute for Technological Studies) named as "Learning 2.0: The Impact of Web 2.0 Innovations on Education and Training in Europe" presented the skills that are essential for a successful life in the 21st century (<http://ftp.jrc.es/EURdoc/JRC55629.pdf>, 2016).

This document lists eight key competencies required for personal fulfillment, active citizenship, social cohesion and employment.

HR MANAGEMENT & LEADERSHIP SKILLS AND COMPETENCES

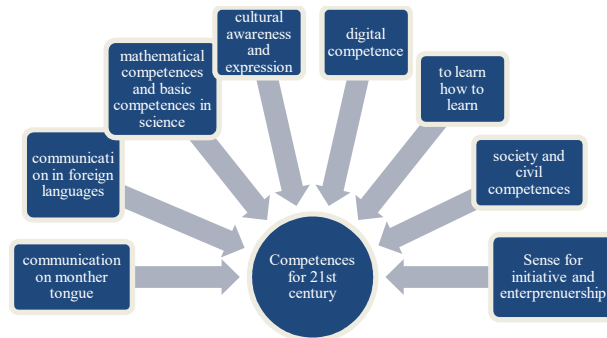


Image: Competences in the 21st century

2. PLANNING, DEVELOPMENT AND CAREER MANAGEMENT

In the 21st century, it is expected from all people to be immediately ready for planning their activities through which they will be able to gain new knowledge and skills. To learn how to learn, is determined as ability to “go further” and to be persistent in learning, to organize their own learning, including the efficient time and information management, whether individual or in groups.

The career has a long-term, lifelong dimension, the value of which is given by the individual. It creates a wide range of attitudes, values and motivations to work and the work tasks that an individual meets throughout the entire working life.

Career development is a relationship between the individual and the organization that is accomplished through two completely parallel processes:

- 1) Career planning, and
- 2) Career management.

Career planning is any effort by the individual to increase awareness of personal interests and values, choices and consequences, while career management is a long-term process that involves personal development, career planning, personal profile building, choice of a real working organization, and else.

A prerequisite for managing a career is a high level of self-esteem - the individual must know what his strengths, weaknesses,

HR MANAGEMENT & LEADERSHIP SKILLS AND COMPETENCES

how to increase his strengths, and the weaknesses to remove them over time. Steps in career management - GROW model (http://www.razvoj-karijere.com/baza_znanja/sta-je-karijera-i-zasto-je-bitno-njome-upravljati 2016), given in the image below:

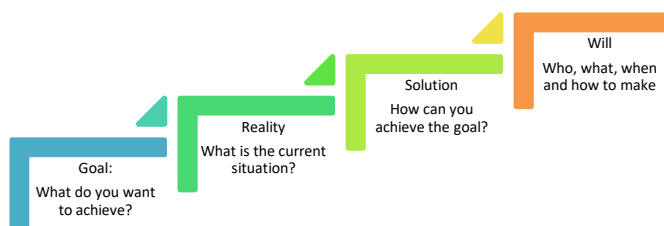


Image: Steps in career management – GROW model

The goal of career management is of course career development. Career is a variable category that quickly and easily changes due to the change in the interests, abilities and values of the individual as well as due to the change in the working environment. In the new environment, organizations seek proactive individuals who adapt the development of their own careers to the demands of the current and future way of doing the organization, through (Waldroop, 2008):

- ❖ Dedication to the idea for life-long learning and self-evaluation
- ❖ Dedication to organizational success
- ❖ Understanding the working demands and development of personal abilities and values
- ❖ Multi-functionality (possibility for performing different works)

Career development is possible in several ways (Andersen 2010), while the stages in career development are often associated with certain life periods and are determined on the basis of a certain time duration that depends on the nature and complexity of the occupation, the duration of the educational process and preparation for taking care of their vocation and occupation.

HR MANAGEMENT & LEADERSHIP SKILLS AND COMPETENCES

Career development requires continuous education and improvement, that is, expanding competencies. Career should be seen as a lasting development of one's own competences in order to ensure the competitiveness of the labor market and satisfaction with the work being done.

Successful careers will only be built by those individuals who will constantly adapt to the latest market demands and who base their careers on continuous learning and upgrading.

3. SELF-EVALUATION AND PERSONAL CAREER OF EMPLOYEES

For successful management of our own career, it is essential to know each other well, to know our own potentials and to properly set our personal goals, as well as to learn to make the right decisions.

It has been shown that the success of the organization, expressed through efficiency and profit, is closely related to the management of the employees' career, given that such organizations are attracted and retained by the most skilled experts who, dedicated to the work, achieve top results (Madenović 2012).

The individual's career can be assessed solely by the individual, because only he knows what his goals are and what he has striven for in his life. It is therefore not ethical to assess some of the successes and mistakes, because we are not aware of his priorities and choices of that individual in his life. A successful professional career depends mainly on the individual, and less on the organization. Includes relationships with colleagues, current and potential employees, friends and family.

Self-assessment, or self-evaluation, is a process of information about how we can make informed decisions about a career. It involves gathering information about one's own values, interests, personality traits and skills. Various tools, or questionnaires, are used to perform self-assessment.

One of the most frequently used models used in professional orientation is the model of six types of personalities (RIASEC), also known as the Holland system according to American

HR MANAGEMENT & LEADERSHIP SKILLS AND COMPETENCES

psychologist John Holland who has developed this model in the second half of the 20th century.

The SWOT table (Strengths, Weaknesses, Opportunities, Threats) is used for self-assessment. The SWOT analysis is used as a basic technique for strategic planning, since it enables the identification of key stakeholders that influence the achievement of goals. This analysis has a personal application - it enables knowledge of the ranges and defects as opposed to the surroundings.

As one of the ways to set goals, the SMART (Madenović 2012) rule is widely used. This means that the objectives must be:

- ✓ Specific– clear of what needs to be achieved
- ✓ Measurable– it has to be stated how the success shall be measured
- ✓ Agreed – in an ideal case, the individual should be in the clear with himself that he wants and shall strive to realize his goals, and to achieve the results
- ✓ Realistic– achievable within the limits of the specific situation and in accordance with other objectives
- ✓ Timed – time frame should be defined within which each of the goals need to be achieved.

Setting the goals allows the individual to go through a process of thinking, analyzing and making decisions about where he wants to be, what he will do to get there, how he will measure how successful he was in realizing his goals.

Since development is not static and influenced by various changes, the process of personal development requires monitoring of changes and responses to them. Once a personal plan for achieving the goals is made, it is subject to changes, additions, adjustments.

4. CAREER DEVELOPMENT AND PERFORMANCE EVALUATION OF EMPLOYEES AS PRECONDITION FOR QUALITY DEVELOPMENT OF THE ORGANIZATION

It has been shown that the success of the organization, expressed through efficiency and profit, is closely related to the management of the employees' career, since such organizations are attracted and

HR MANAGEMENT & LEADERSHIP SKILLS AND COMPETENCES

retained by the most skilled experts who, dedicated to the work, achieve top results (Madenović 2012). For this reason, employers tend to support their employees in career planning and development.

The organization realizes its role in the career development of the employees through the human resources sector. It should provide complete information on organizational goals, work plans, staff and jobs that will be available.

Business behavior, work habits, dedication, engagement, readiness to learn, etc. are only part of the demands of behavior that the organization expects from their employees (Madenović 2012).

Upon completion of the selection process, the evaluation of the progress and the work of the employees at the workplace is the most important tool the employer has.

Evaluating employee performance is a means of achieving (<http://ucanr.edu/repository/fileaccess.cfm?article=72447&p=KRAFGD&CFID=118082972&CFTOKEN=61201175>, 2016):

- validation and refinement of the activities being carried out, and
- providing feedback to the employees who are interested in improving their performance at the workplace.

Performance assessment is a process that measures and evaluates the contribution of each employee to the goals of the organization over a certain period of time. It is very important that the evaluation criteria be carefully selected.

The positive effects of evaluating the performance of employees are (Martinović, Tanasković 2014):

- increasing the motivation to work more efficiently,
- evaluators can gain new knowledge and access to the person they evaluate,
- the work of an individual subject to assessment can be more precisely defined,
- organizational goals can be made more clear and more acceptable to employees.

HR MANAGEMENT & LEADERSHIP SKILLS AND COMPETENCES

Performance assessment of employees is one of the most important tasks of human resource management. It is about the success of the selection, training and training and gives directions for further development of the employees, the system of remuneration and discipline.

5. METHODOLOGY

The theory has greatly improved due to the numerous engagement of the scientific community to link career variables to the variables of human resource management. Therefore, it is initially presented that only the organization should have an established system of managing the careers of employees. It will not always give results if the employee does not make a real self-analysis and does not identify his own wishes and expectations for the progress within the organization.

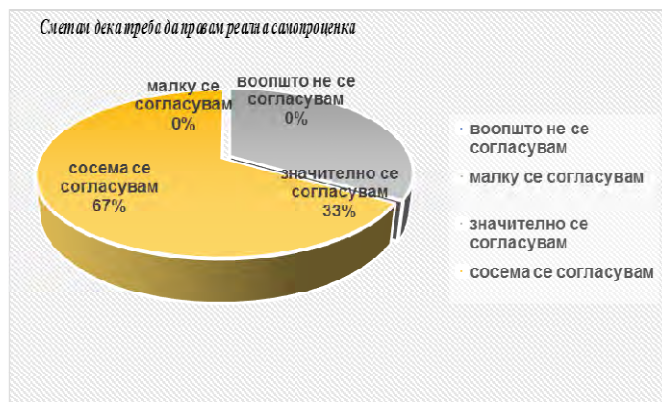
Namely, individuals often have higher expectations for themselves than their pre-aged people. Also, it is rare that the case has lower expectations than their superiors, especially if they have a low degree of self-esteem.

Unfortunately in reality, very few workers have self-assessed their own performance. Lack of will and habit of self-assessment of employees reflects negatively on their career development, thereby contributing to unrealistic expectations and disagreement at the workplace. What is the impact of awareness and the implementation of self-assessment on the career development of the individual is the subject of research in the work.

For the purpose of this research, a questionnaire was prepared containing 8 closed questions adapted for respondent's choice. The survey was conducted on a representative sample of 63 respondents employed in educational institutions in Skopje, placed in managerial positions as a precondition for realized career development. Four of them are with 5 to 10 years of service, 13 are between 10 years and one month up to 25 years of service, and the remaining 46 are with service of over 25 years and 1 month.

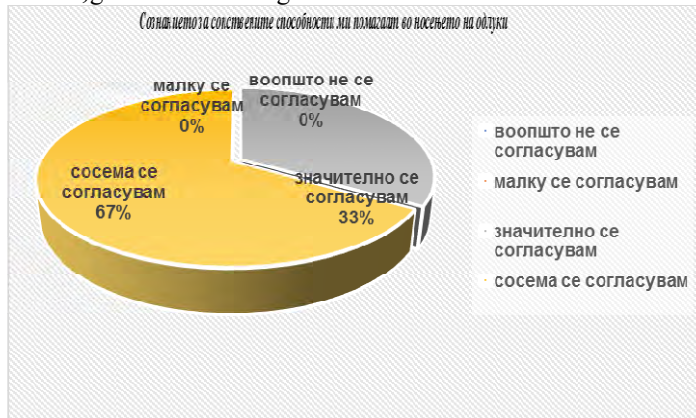
HR MANAGEMENT & LEADERSHIP SKILLS AND COMPETENCES

The first question, given to the heads of educational institutions, *I think that I should do a real self-assessment*, gave the following results:



Graph no. 1 – Necessity of real self-assessment

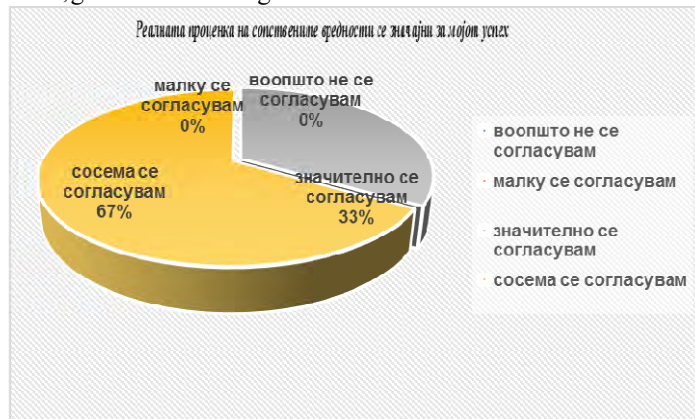
The second question, given to the heads of educational institutions, *The awareness of my own abilities helps me to make decisions*, gave the following results:



Graph no. 2 – Self-awareness of abilities and decision making

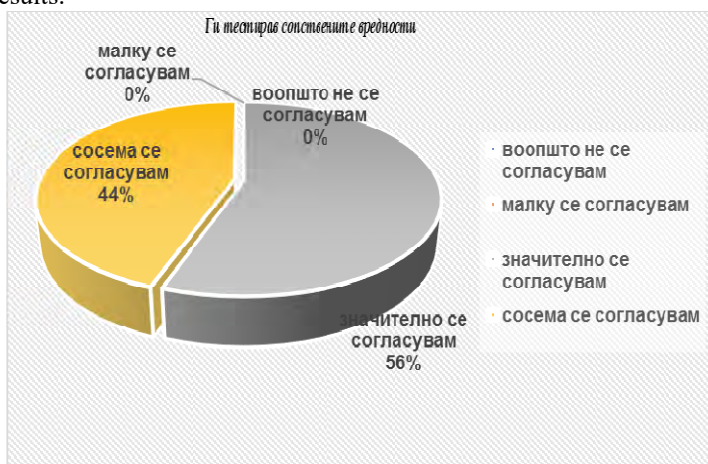
HR MANAGEMENT & LEADERSHIP SKILLS AND COMPETENCES

The third question, given to the heads of educational institutions, *Real estimation of own values are important for my success*, gave the following results:



Graph no. 3 – Real estimation of own values and success

The fourth question, given to the heads of educational institutions, *I have tested my own values*, gave the following results:



Graph no. 4 – Testing one's own values

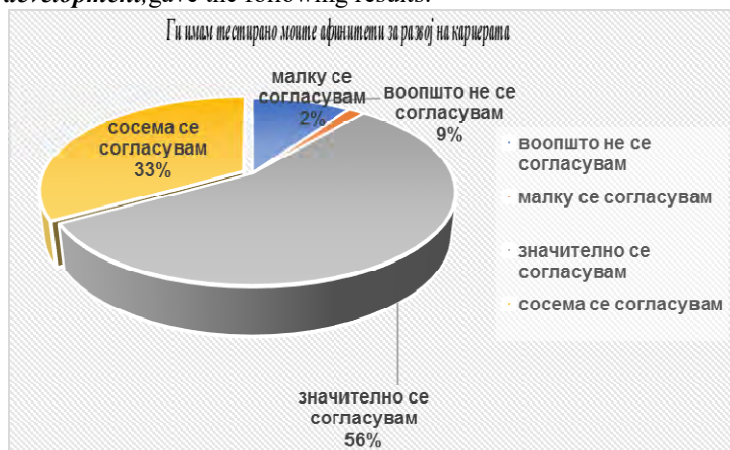
HR MANAGEMENT & LEADERSHIP SKILLS AND COMPETENCES

The fifth question, given to the heads of educational institutions, *I am interested to discover my own personal characteristics*, gave the following results:



Graph no. 5 – Interest in personal characteristics

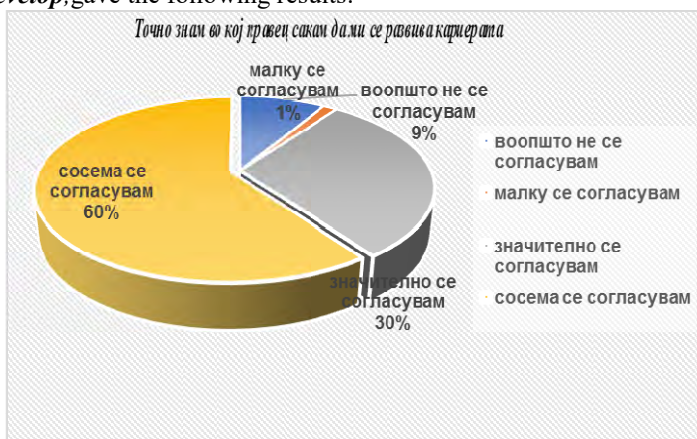
The sixth question, given to the heads of educational institutions, *I have tested my own affinities for career development*, gave the following results:



Graph no. 6 – Affinities testing

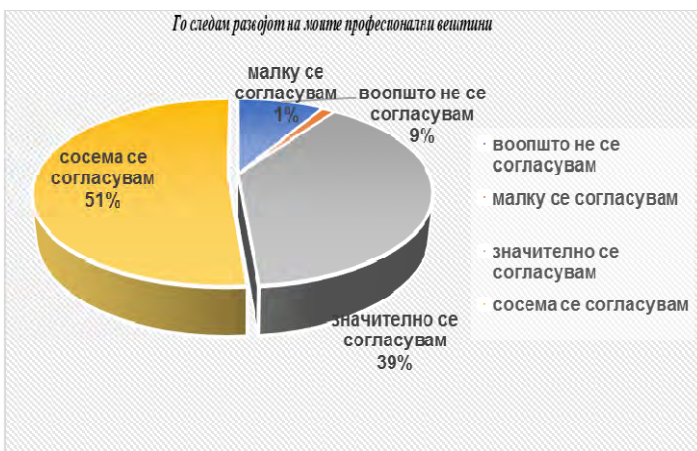
HR MANAGEMENT & LEADERSHIP SKILLS AND COMPETENCES

The seventh question, given to the heads of educational institutions, *I know exactly in which direction I want my career to develop*, gave the following results:



Graph no. 7 – Awareness of a desired career

The eighth question, given to the heads of educational institutions, *I monitor the development of my professional skills*, gave the following results:



HR MANAGEMENT & LEADERSHIP SKILLS AND COMPETENCES

Graph no. 8 – Monitoring the development of professional skills

The ninth question, given to the heads of educational institutions, *I measure my own performances although it hasn't been foreseen in the organization*, gave the following results:



Graph no. 9 – Independent measurement performance

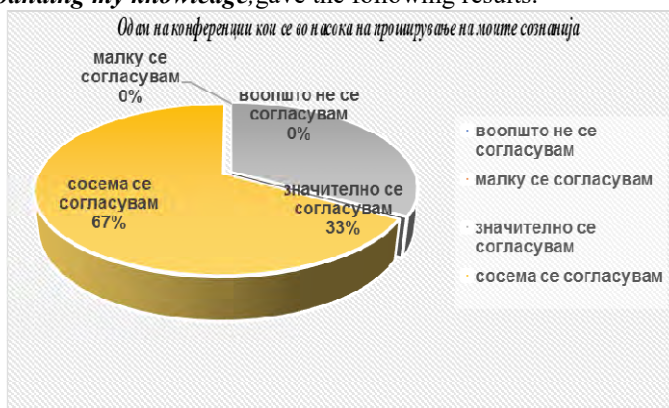
The tenth question, given to the heads of educational institutions, *I know which training I need to upgrade my own skills*, gave the following results:



Graph no.10 – Awareness of needed training

HR MANAGEMENT & LEADERSHIP SKILLS AND COMPETENCES

The eleventh question, given to the heads of educational institutions, *I attend conferences that are in direction of expanding my knowledge*, gave the following results:



Graph no. 11 – Attendance of appropriate conferences

The twelfth question, given to the heads of educational institutions, *I choose literature to expand my professional knowledge*, gave the following results:

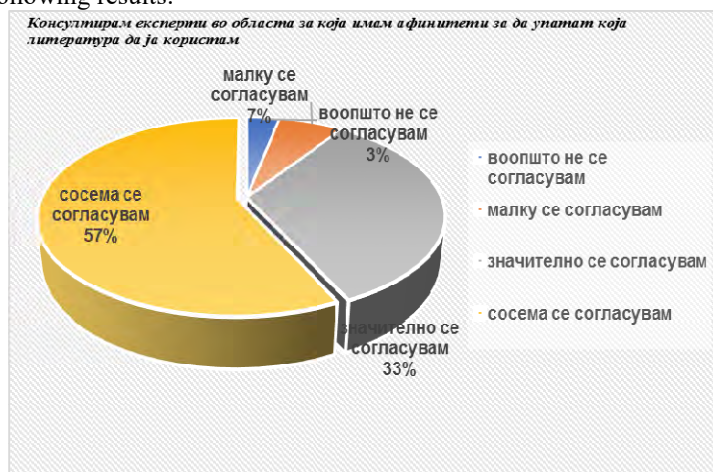


Graph no. 12 – Utilization of appropriate literature

The thirteenth question, given to the heads of educational institutions, *I consult experts of the field for which I have*

HR MANAGEMENT & LEADERSHIP SKILLS AND COMPETENCES

affinities fir advice which literature I should use, gave the following results:



Graph no. 13 – Consulted experts

CONCLUSION

According to the traditional pattern, organizations in the greater part of the 20th century employ young workers from certain occupations with the expectation that their entire working life will pass through it. The most capable and well-motivated employees have built a career within the organization that provides training and business opportunities. The global changes that occurred at the end of the 20th and the beginning of the 21st century forever changed this picture.

In a world of rapid and major change, new technologies and business opportunities, a world in which technologies and information are available to all, career development becomes a key responsibility of individuals themselves who through the development of personal abilities should actively maintain their employability of the turbulent labor market.

HR MANAGEMENT & LEADERSHIP SKILLS AND COMPETENCES

At the same time, employees are not only the most valuable, but often the most expensive organizational resource, so managing it must be long-term and strategically thought-out.

Planning, development and career management have multiple positive implications for both the individual and the organization in terms of strengthening the overall organizational development potentials, flexibilities, and identifying employees with organizational goals and motivation.

Career development is very important for people, since through work, people achieve the desired quality of life, social equality, self-respect, self-control.

The purpose of the research was to find out how much the self-assessment and impact it has on the behavior of the individual affects career development of the professional.

The conclusion is that all heads of educational institutions that has answered the questionnaire, regardless of their level, have realized the importance of self-assessment.

Precisely because of the awareness of the self-assessment, the surveyed population has prepared analyzes and checks on their own initiative, on the development of their own professional skills, as well as on the development of the performances to the concrete moments, personal characteristics and other professional abilities. Exceptionally high results were obtained upon all of these grounds, that speaks of the developed consciousness of each of the researched individuals who have already stepped into their career development.

The managerial staff of the educational institutions follow the offers of trainings that are in the interest of their career development, which is not the case with attending conferences.

In addition, the managerial staff of educational institutions consult their colleagues at their own or higher levels. They also use professional literature that helps them to position themselves better in the development of their careers.

The results obtained from this research are suitable for use by the participants in the research, the scientific public dealing with such or similar issues, as well as the institutions that upon the

HR MANAGEMENT & LEADERSHIP SKILLS AND COMPETENCES

obtained results can undertake activities for improvement of the situation in their organizations.

After perceiving all the data and results obtained from the research, we can automatically conclude that if the employees realized the importance and the role of the self-assessment and practice self-assessment then they would direct their own activities in the organization and improvement, certainly according to the possibilities, in the direction in which can build a successful carer.

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HR MANAGEMENT & LEADERSHIP SKILLS AND COMPETENCES

FACILITATED LEADERSHIP IN SECURITY SERVICES AS A FACTOR FOR MORE EFFICIENT MANAGEMENT WITH CRISIS SITUATIONS

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Jane Dukovski

Abstract

Every society should take care, through the development of its security systems, to raise the level of security in the country and to guarantee the full security of its citizens. It involves protecting the constitutional legal order, sustainable economic system, cultural values, and so on. The security services are instruments of the state through which the basic state obligations are fulfilled, which protects the constitutional order, protection of the life and property of the citizens, the economic and political system of the state, and so on. In order to achieve this, there should be a capacity for leadership. Capacity building for leadership is self-awareness, developing skills and building a sense of personal commitment, and leaders are not only obliged to control resources but they also have to facilitate the work of others and involve them in the processes of change and constant improvement. Facilitatorism is a set of opportunities, resources, encouragement and support of the group in achieving its goals, the foregoing is done by enabling the group to take over the entire control as well as the responsibility for their work. The facilitator should have a vision. The result of this vision should lead to a high motivation of the team with which it operates. Such motivation leads to better results at a crucial moment.

Keywords: security, security structures, leader, leadership, facilitate leadership.

JEL classification: J53

INTRODUCTION

The very term "leadership" encompasses a very wide range of definitions and explanations from all the spheres in society. Leadership is a relatively new phenomenon, but this concept is

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HR MANAGEMENT & LEADERSHIP SKILLS AND COMPETENCES

quickly recognized in the world, and statistically, it represents the most explored area of organizational behaviour. The importance of leadership in every area of social life is priceless for achieving better results, achieving higher goals and more successful work performance.

Analogously, it sets out what the personality of the leader should be. Leadership without a good leader could not achieve the goals we are talking about. That is why leadership and leader should act jointly so that those goals can be met. What is of great importance to the leader are his individual qualities. It further opens the question that everyone can not be a leader, in fact, that the leader should be properly elected.

It is indisputable that leadership is needed in all areas of social life. In recent years, it has been increasingly used in security services as an inevitable condition for achieving better results.. As regards leadership in the security services, given that it is a state security body, it is organized hierarchically, usually prescribed by an internal act, such as the Rulebook on organization of work and work assignments or other act, which is, as a rule, in accordance with the Collective Agreement. But even here, when it comes to the leader, his personal and individual abilities should come to the forefront.

All these things are necessary for the successful functioning of the security services. However, what constitutes the essence of their work and what is most valued in the public, and contributes to the professional and efficient performance of their tasks on the ground is the facilitator's leadership. Not only does the whole group need to be more courageous, more stable and more prepared, but the leader himself should have not only greater individual abilities but also sacrifice, full commitment to tasks, to facilitate the work of others, to include them in the process of change. All this will inevitably lead to greater efficiency in operation, that is, increased security, which is crucial in the concrete case.

HR MANAGEMENT & LEADERSHIP SKILLS AND COMPETENCES

1. THE NOTION AND CHARACTERISTICS OF LEADERSHIP

Leadership is a behavior that enables and helps others to achieve the planned goals.

Leadership is a process in which an individual influences the thinking, attitudes, behavior, and responsibility of other people. In order to have an impact, the individual who identifies himself as a leader should have abilities that they do not have, or are not used by other members of the group or work organization. Such abilities are related to motivation, inspiration, targeting of employees and so on. There is a great deal of definitions of what leadership is, but in common for all is that leadership directs, coordinates, inspires and manages, observes, builds teams, etc., with one goal, successfully carrying out the given tasks and achieving the planned goals. (Petkovski 2010).

Accordingly, we can say with certainty that today there is no divided opinion about the importance and role of leadership in the development of every human activity and in general the whole social environment. Leadership and talent are the formula for achieving every success. For these reasons, leadership as a phenomenon pays great attention to both theory and practice. Leadership and talent are the rule for achieving every success. Because of these reasons, leadership as a phenomenon pays great attention to both theory and practice. So, for leadership, it can be said that it represents the driving force, which is the basis of change and development in an organization. The power of leadership itself stems from the vision and the ability to influence, that is, the driving energy that encourages people's dedication to overcome the obstacles on the road that leads to the future. Modern knowledge related to leadership suggests that the ability of the leader to influence is contained in the character traits of the personality of the leader itself, as well as in the effects arising from interaction with collaborators. In studying leadership as a phenomenon, we first need to see the existence of two basic notions: leadership and leader. Leadership is a process in which a person affects other members of the group in a work organization in order to achieve

HR MANAGEMENT & LEADERSHIP SKILLS AND COMPETENCES

the defined goals of the group or the organization itself. While the person performing the influence is called the leader.

The essence of leadership is monitoring, that is, creating a willingness for people to follow a certain person who influences their activities to achieve a certain goal in a given situation (Simoncevska Lidija 2007).

As in most work organizations, the MOI has a hierarchical arrangement with regard to delegating work tasks that should be performed on a daily basis, from a trusted to downstream downhill. Therefore, leadership is not the same as commanding, leader is not always assumed. Leadership is a dynamic process that is influenced by the changing demands of tasks, the group itself and individual members. Leadership is not limited to one person only (Drakulevski 1999). Whenever someone will try with his/her behavior to influence on behavior of another individual or a group, the leadership will emerge. It is not just a hierarchical relation between superior and subordinate, here the expression of an individual as a potential leader is important, and persons which are affected by it, become a potential follower (whether it is a superior or a colleague). A good leader should always have in mind that it is better to motivate his/her employees than to control them.

The common characteristics of all leaders are that they should possess high intellectual abilities, every leader should be an excellent orator, a great motivator and should achieve high professional competence in his or her field of work. Also, a one leader should be a robust which means strong and healthy at the same time achieving his or her vision and intention for a one single goal - successful and unreserved fulfillment of the work tasks. He or She should be a team player, a leader ought to know the relations, weaknesses and strengths of each individual in the group. The essence of a leadership is monitoring, or creating preparedness among the people to follow certain person who influences over them and their activities to achieve a certain goal in a particular situation.

HR MANAGEMENT & LEADERSHIP SKILLS AND COMPETENCES

2. LEADERSHIP IN SECURITY SERVICES

It is commonly known that the security services are state-owned instruments of vital state interest, for protecting the constitutional order, life and the property of citizens, economic and political system of the state etc. These are formal organizations, because they are formed to complete already defined goals which are closely related to the security of the country and its citizens (Drakulevski 1999).

Its goals are more focused on meeting the organizational goals of the service and less on personal goals of an employee. Its functional adjustment is tailored to the successful fulfillment of goals which reflect the division of jobs. This structure of the organization could be met in many; administration, departments, sectors and sections. Employees in different segments of security services have their duties and responsibilities, which differ depending on the hierarchy of the unite they belong to. Employees who are in the same organizational unit are divided by rank and job, depending on the tasks they need to perform. Each of them receives a salary and enjoys a level of independence that in some way protects the arbitrary behavior of presumed or influential external persons. The larger is position of an employee, the greater will be the impact that he or she will have in the organizational unit and that service as a whole. In formal organizations, the appointment of a heads and unit managers takes place in the bureaucratic structure of an organization (Drakulevski 1999). Some of the chief executives are appointed by the Government, while within the lower structures of the service, the placing is performed by the director (head) through the all bureaucratic process.

Unlike the appointed managers on the highest structures of the service, the leaders on lower organizational units primarily deal with the goals and tasks of the individuals, i.e. every employee. Their behavior should be consistent with the organizational goals of the service, but sometimes it can be different. These organizations are more informal, representing a social structure which are related to everyday lives of a working people. Within these groups the problems of an employees are solved, which could be on social,

HR MANAGEMENT & LEADERSHIP SKILLS AND COMPETENCES

psychological, material or other nature. More recently, people have a need for a society that will guarantee them security, protection, sustainability while the sense of belonging to an organization or environment, a person takes it from prehistoric times. Such expectations are usually addressed to the security services and organizations or to their leaders.

Thus, leaders who work in security services come from the internal structure of organization. Their personal qualities, demands for proper treatment in any other situation or combination of these two factors can attract subordinates to identify with their leaders and respect their decisions. Apart from the powers assigned by certain heads and department heads or chiefs, informal leaders have the power and may affect employees. For these actions, they do not need to be in higher rank, but imposes its behavior on other members of the group and can affect certain actions. From this point, it follows that a leader can be a person who has an impact on the employees and can direct the performance of the tasks i.e. fulfillment of obligations (Sazdovska 2009).

The leadership is not related to the rank or formal authority. A person who is appointed to a management position has the right to command and demand obedience from an employee, resulting directly from his jurisdiction or position. But, he must possess appropriate personal attributes that will build his authority. If a head is not competent and is not an expert of implementation, he may be faced with the influence of an informal leader of the group who may dispute the role of a head and to impose himself as a person with greater authority among employees. However, only the heads who possesses a formal authority have a right to enforce and may use sanctions to stimulate or endanger employees in performing security tasks.

It is normal to be expected that there are leaders who have a formal power in whole security domains, as well as leaders who have no formal rights to make a decisions and to direct their employees. Their impact could be very strong and in some situations to determine the lower-level goals of the service. All organizations need leaders of both types, and this is especially valuable for security services, where employees are often in a

HR MANAGEMENT & LEADERSHIP SKILLS AND COMPETENCES

position to risk their own lives. In such critical situations, the authority of some people, formal or informal, can greatly contribute for successful execution of any tasks (Sazdovska 2009).

3. DEFINITION AND CHARACTERISTICS OF A LEAD MANAGEMENT

The challenge of leadership touches every person, citizen or employee, no matter what he or she works, so everyone is called to take responsibility for the success of the organization he is working at. Nowadays, building a capacity of leadership is self-awareness, a developing skills and building a sense of personal commitment, and the leaders besides controlling the resources, they must facilitate the work of others and to involve them in the process of changes and continues improvement. Facilitating is a set of opportunities, resources, incentives and support for a group to accomplish their goals, i.e. it is said to be done by enabling the group to take a full control and responsibility for their work (Neuville 2003). In a modern democratic society, leader have a task not only to control their resources but to include them into process of changes and constant improvement. Thus, the leader must have a vision, and that using of facilitation will lead us finally to the answer of the question; “how to motivate people?” The answer itself does not consist a motivation, it is more about an inspiration. Because a leadership constantly facing the following challenges: 1. Changing a workforce, 2. Increasing the complexity of life and work, 3. Decentralization and organizational learning, 4. Increase of legislation, 5. Increase of the citizen’s expectations and so on (Petkovski 2010). A fast way of living and constant race over time require a greater role of leadership for achieving today’s challenges. Leaders on the one hand, must participate in managing with a changes, but on the other hand, if necessary they shape the change itself. They need to create teams and successfully to lead them, also, they need to train and motivate employees and encourage their professional and career development. In other words, facilitation of leadership is needed (Petkovski 2010). The concept of facilitation we use when we want to highlight the ease of

HR MANAGEMENT & LEADERSHIP SKILLS AND COMPETENCES

the process or doing the working tasks. Therefore, we can say that type of a leadership encourages others to work together and coordinating to achieve common goals.

Creating or provoking a strong feeling is the only path to quality, efficiency, successful completion of the assigned tasks and achieving common goals and achieving personal satisfaction. An anonymous leader once said: "As a leader, I have never been a successful in generating a sustainable high levels of motivation. I have created an authentic working environment that touched the individuals and they gave their best of".

These type of a leaders help and encourage others to: 1. Contribute using their ideas and experiences, 2. Openly raise their problems, 3. Cooperate, 4. Adopt and implement decisions, 5. Make a better result etc. (Petkovski 2010).

The basis of a facilitative leadership is transformational leadership. The concept of transformational leadership is initially seen as personal quality, i.e. as ability to encourage subordinates to give their best and to focus on achieving organizational goals. But over time, this concept has developed and it seen as a strategy in the wider meaning of a word, which can be described as a "facilitative" (Petkovski 2010).

According to some authors, facilitative leadership is defined as behavioral way which emphasizes a collective ability of one organization for adjustment, solving the problems and improvement of quality, but here the crucial word is a collectivity. The role of the facilitator is to encourage involvement of employee at all levels. However, successful facilitation depends less on individual cases than on the established trust system. Therefore, according to some authors the importance of trust is more emphasized. Providing opportunities for self-control and increasing the confidence of others to be able to act successfully and independently within the common expectations and assumptions is also important.

There are several key strategies of facilitative leadership, such as: 1. Overcoming a deficit of resources, 2. Creating a new team, 3. Providing a feedback, 4. Building a communication network, 5.

HR MANAGEMENT & LEADERSHIP SKILLS AND COMPETENCES

Creating a common policy, 6. Modeling the vision of an organization. (Petkovski 2010).

Facilitative leadership itself is designed to create teams and working organizations where people can openly talk about the certain issues and about the problems that need to be solved with right decision. It solves problems by talking into account the general or common interests of people and not just the interest of the leaders. In such a way, facilitative leadership encourages proactivity, which means that it leads people for taking responsibilities and it gives an opportunity to learn from their own experiences.

Also, some authors define four frames of thinking in direction of leadership: 1. A rational framework, that focuses on formal aspects of the system such as goals; 2. A framework of human resources, which implies the need of human rights to be included; 3. A symbolic framework, values and rituals that give members a sense of community; 4. Political framework, which implies a way in which participants can express their interests (Petkovski 2010).

Here it is pointed out that a small number of leaders use more than two of above mentioned frames, even though all four frames are important in the facilitative environment.

Traditionally, like in any other organization and security services, power is seen as dominance through the formal authority starting on the top of the pyramid to the bottom and at the same time retaining the ability of only a few handful people to make decisions. Contrary, facilitative power is based on mutual synergy and it takes places in many directions (at all levels and sides). Therefore, there is a hierarchy in the facilitative leadership (which is very important for proper functioning of security services), however these leaders use his/her authority to support the professional taking and giving.

Unlike delegating, where administrative type of a veterans one-sided assign tasks to subordinates, in the facilitative environment, anyone can initiate a task and to recruit anyone who would like to participate. This process is based on informal negotiation and communication. Some other authors characterize facilitation as tension management, because facilitators create a system of

HR MANAGEMENT & LEADERSHIP SKILLS AND COMPETENCES

constant shift of responsibilities and relations, even though the formal system continues with the transfer of responsibilities from one person to another, the results are expected from the person to whom the task was previously delegated. The veterans might worry for giving too much confidence to those who do not want to share their tasks, and the employees may be nervous for putting them in the same basket like others. A veteran who is trying to create a system of full involvement of all working structures at the same time he/she might get pressed or blocked by certain things. In some cases, a veteran must let things go, and in other cases he just has to say “it is time to go further”.

A new approach can cause more excitement and expectations, linking more initiatives which expands a resources, accumulates energy and creates collective vision. Of course, the veteran must hold everything under control and to not discourage innovators.

Hence, an effective leaders balance their focus on the following three dimensions of success: results, process and relations. A results – What is the end of the assignment? And are the goals already achieved? A process – How should work be carried out and how the work will be monitored and evaluated? A relation – How do people behave to each other? How do people behave towards the organization and how do people feel about their involvement and their contribution to the organization? (Petkovski 2010).

4. GENERAL NOTES ABOUT THE CRISIS MANAGEMENT

If we trying to define a crisis management or a management of the crisis, the general definition would be a complex set of measures and activities of preventative and reactive character, in which the responsible institutions in the country are trying to eliminate all sources that are dangerous for the citizens or to reduce its negative impact on tolerant level.

A crisis management can also be defined as a good diplomacy that seeks to solve the unstable situations by avoiding tensions (Robertson D. 1987).

HR MANAGEMENT & LEADERSHIP SKILLS AND COMPETENCES

Also, a crisis management is a complex of special measures taken under the pressure for solving the problems caused by a crisis situation (American Heritage Dictionary).

In the broadest sense, the main task of crisis management is to respond during the crises, i.e. to manage potential risks and dangers that can cause a crisis in the whole country or its smaller part. The conceptual and normative basis when determining the task of crisis management is based on the completely different nature of the challenges and threats that we are facing today.

Namely, the current risks and dangers by their nature are unpredictable, their likely forms are hardly recognizable, and the caused consequences are enormous. In building capacities of a crisis management and its mechanisms and capabilities to respond to contemporary risks and dangers, the main attention is usually paid to these following elements: 1. Identification and assessment of probability in timely manner; 2. The intensity of potential risks and dangers that can threaten the citizens and the vital values of the state.; 3. Emphasizing the preventive function and taking measures to reduce the power of identified risks by the competent institutions.; 4. Planning and undertaking extensive measures for preparation of institutions, communities and citizens which will be organized and coordinated by a competent state authority.; 5. Emphasis on the need for high level of inter-ministerial and international cooperation in all phases of crisis management and crisis situations; 6. Rationality and efficiency of resource and capacity utilization at local and national levels (Batkovski).

In support of this and taking into account the very different nature of the risks that we are facing more often nowadays, a crisis management in most modern societies is based on the principles adopted by collective defenses and security systems.

On its basis, crisis management is a new security concept and a different approach to the process of solving new security challenges. Having in mind the situation of the completely different nature of the risks we are facing today, a crisis management in most contemporary societies is based on the principles adopted by collective security systems. Because of this complex global situation, a security programs of crisis

HR MANAGEMENT & LEADERSHIP SKILLS AND COMPETENCES

management in the EU, UN and NATO are very high. Also, the Republic of Macedonia, which seeks to keep up with them, takes all necessary measures to implement a crisis management in the implementation of the policies to prevent and reduce the risk of accidents and to ensure conditions for peace and prosperity of its citizens.

Defining crisis management tasks means staying in the direction of a new approach to security and conflict prevention. Namely, the challenges and dangers that the contemporary international community is facing today, according to most analysts, have less specific gravity in terms of cataclysmic scenarios. However, they are transmitted to such an extent as the available alternative to insecurity. The, ethnic conflicts, such as radical nationalism and internal conflicts together form the scenario of a contemporary international scene, derived from new relations and old “muted” contents (Vukadinovic 1999).

In this context, a number of reasons or threat of endangerment can be accepted, which can lead to a crisis: 1. The spread of militant nationalism; 2. A reconstruction of ideas for creation of so-called “major ethnically pure states”; 3. Religious fundamentalism; 4. Transnational terrorism; 5. Smuggling weapons; 6. money laundering; 7. smuggling drugs; 8. Ecological degradation etc. (Vukadinovic 1999).

Consequently, it is confirmed by that above reasons of insecurity that are now more emphasized and different than in the past. Here, the initiative of a new system of relations comes, to incorporate rule of law and peaceful resolution of disputes, solid democracy and solidarity against aggression as a basis for lasting peace and security (Sloam). It means that the crisis management tasks need to function as an element within an established system in all countries and in our country as well.

5. THE ROLE OF THE POLICE IN MANAGING CRISIS EVENTS

A police work is a complex and extensive and because of that, while security operatives doing their job, certain critical events or crisis situations might appear. Therefore, in such cases, a special

HR MANAGEMENT & LEADERSHIP SKILLS AND COMPETENCES

procedure is required for responding to such a situation. Besides daily routine activities, occasionally incidents occur to a greater extent or with serious consequences that need to be addressed by the overall security system or several security services in a coordinated activity (Spasevski 2005).

After the breakup of SFR Yugoslavia and declaration of independence of the Republic of Macedonia, like any other country, Macedonia did not remain immune and occasionally faces complex security phenomena and certain crisis events and situations. A period after independence, the best example of unsuccessful management in crisis events was the assassination attempt on the President Kiro Gligorov on October 5, 1995, when the need for a comprehensive reaction of the operational plan of multiple agencies and security services emerged. We must admit that our security services in that time did not develop plans and procedures for responding in critical and crucial situations which additionally was a serious problem for timely reaction with one goal to detect the perpetrators. The untimely and some missed measures and activates that were not undertaken, it might be one of the reasons why even today, the executors of this serious crime are not discovered, which resulted, as we know, with human victims.

Therefore, in order to adequately act in such or similar complex situations, the managers have certain expectations of how staff will respond, how they will deploy and how to deal with critical events. In order to successfully dealing with the crisis, the security services and especially the police, are focused on cooperating with the citizens and the entire community in which they are working, because the police represent a service of its citizens. Thus, the number of programs for the police departments about cooperating with the community constantly increase. Therefore, plans for police action especially for crisis planning should be developed in cooperation with community.

HR MANAGEMENT & LEADERSHIP SKILLS AND COMPETENCES

CONCLUSION

Faced with the fact that we live in a dynamic society, a major challenge in the past few decades for all societies has become safety and the security issues. Each society is working on development of its security systems to raise the level of safety in the country and to guarantee basic protection of its citizens. It implies a safety of the constitutional and legal order, the sustainability of the economic system, cultural and civilizational values and so on.

As we mentioned earlier in this paper, at the beginning of the 21st century, there were many events that directly have been planned for disruption of global security and led to major material losses and victims. No state is immune to various threats that endanger the basic social values. We can also add here the climate changes that occur globally as we know, the world is facing certain natural disasters that are also directly reflected on a social values of daily basis. Under such circumstances, the ability of security systems to respond to new security challenges has become a priority for each state.

Also, in Macedonian security services there are formal and informal leaders. Especially, a younger police officers and employees are strongly identifying with their more experienced and older colleagues, who are convinced that they are true professionals, courageous, honest and devoted to their work. It is necessary to further encourage the existence of both types of leaders regardless on whether their power comes from the function or influence they have on employees.

However, leadership has to undergo many changes, which will primarily facilitate the work of the service. In most Western European countries, there are numerous training courses and training seminars aimed in changing approaches to work and the way of thinking among the managers which will make them aware of the need for their further professional training. It would be good to take advantage of foreign experience in leadership training, but I think that each country should strive to build its own recognizable system that will be easy to apply, because each

HR MANAGEMENT & LEADERSHIP SKILLS AND COMPETENCES

country has its own traits that only manifest in that country. Our republic should pay more attention to the development of training programs for the members of the security services and rely on their own capacities.

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HR MANAGEMENT & LEADERSHIP SKILLS AND COMPETENCES

THE NATIONAL QUALIFICATION FRAMEWORK AS A TOOL FOR LIFELONG LEARNING AND CAREER DEVELOPMENT

Natasha Janevska¹
Aleksandra Stoilkovska

Abstract

This thesis elaborates the issue about the National qualifications framework as an instrument for lifelong learning and career development of qualifications holders, observing it through the prism of adequate information on its introduction and benefits, as well as on the effect it has on learning motivation over the course of whole life and career development.

This research, which covered 80 respondents of the target group of teaching staff in the schools in Macedonia and 8 respondents of the target group of school principals, begins by providing answers to the questions about the extent of awareness of the individuals in Macedonia for introducing the National qualifications framework and whether it is appropriately used for lifelong learning and career development, using learning outcomes and diverse approaches and forms of learning in a formal, informal and informative way of acquiring qualifications, upgrading in order to improve their knowledge, skills and competencies and retraining for easier employment or staying at the workplace.

This master's thesis has proven the assumption in the general hypothesis about the connection of the National Qualifications Framework as an instrument with the motivation for lifelong learning and career development.

Keywords: National Qualification Framework, Lifelong Learning, Formal Education, Non formal Education, Career development, Qualification, Learning Outcomes, employment.

JEL classification: J53

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HR MANAGEMENT & LEADERSHIP SKILLS AND COMPETENCES

INTRODUCTION

The dynamic increase and development of the economy, technology and the global market caused a change in the educational process in total and a different approach in gaining knowledge, skills and competences. The educational institutions, through the current system of formal education, are not fully capable to respond properly on the various educational needs and do not offer a complete education adaptable to the dynamic, fast and unexpected changes of the economy and technology. Awareness of that process increases continuously more and more, becoming obvious that the education must change the paradigm of stiffness and introversion and to become more flexible, adaptable, opening and to open the paths for using of all potentials of the society for different approach of learning enabling everybody to participate in the educational process, regardless of age, social or community status. The system of education has to be incentive and enable a continuous learning of the people through out their whole lives and at the same time contribute for continuous development of their knowledge, skills and competences for performing more complex and more responsible working tasks, better professionalism in the working processes and faster career promotion.

Designing of the National Qualifications Framework as a tool for lifelong learning and career development was very important because it offers a new approach to learning through different ways and forms of education learning in terms of investment in human capital and development of democratic capacities. The framework enables visibility of lifelong learning at the same time encouraging the citizens to participate in the process of learning upgrade their knowledges improve their skills, not only for the working process, but wider as well. In the same time it provides the career development of a person and the mobility from one level to another higher level, through different approaches of learning. Owning the transversal skills, as the ability to learn, communicate, make decisions and take different initiatives, will help a person to put their own key qualifications in different contexts and to deal

HR MANAGEMENT & LEADERSHIP SKILLS AND COMPETENCES

with different and unpredictable paths during the career development.

1. UNDERSTANDING THE NATIONAL QUALIFICATION FRAMEWORK

The first time, the term “National Qualification Framework” (CEDEFOP, 2017) appears in the countries like England, Scotland, Republic of Ireland and Danmark at the end of the 20th century. They established a new system where qualifications are designed based on learning outcomes, as a basic criteria of the achievements. This way both qualifications enabled through the educational system and training or through gaining knowledges and skills within the working process, allow a person to design their own way of improvement and gaining new qualifications.

The implementation of National Qualification Framework (*Recommendation of the European Parliament and of the Council of 23 April 2008 on the establishment of the European Qualifications for Lifelong Learning*, 2008, https://ec.europa.eu/ploteus/sites/eac-eqf/files/broch_en.pdf /) enabled a new type of collaboration and dialogue through the sub-systems of the education and training, as well as between the education and the labour market. This encourages towards creating conditions for a flexible response of the labour market needs, supports the vertical and horizontal development in the learning process during the whole life of the individual and helps individuals career and professional development. At the same time, the National Qualification Framework imposed the working places to be transformed in learning environments and enabled the students and employed people to combine education, training and experiences from different institutions and sub-systems in a way to supports the lifelong learning and carier development.

2. IMPLEMENTATION OF THE MACEDONIAN QUALIFICATION FRAMEWORK AND ITS BENEFITS

The National Qualification Framework is a tool for development, classification, recognition and validation of the gained

HR MANAGEMENT & LEADERSHIP SKILLS AND COMPETENCES

qualifications. Republic of Macedonia established the National Qualification Framework for Lifelong Learning in 2013. Regarding to the Law on National Qualification Framework (Gazzette of R. Macedonia n. 137/13) adopted the same year, our NQF was defined as *Macedonian Qualification Framework* (MQF) as “an obligatory national standard that regulates the gaining and the usage of qualifications in Macedonia and as an instrument for establishing a system of qualifications acquired in R. Macedonia that provides the basis for transparency, access, mobility and quality of qualifications”.

The framework consists of **8 levels** (Cedefop, *National Qualifications Framework developments in Europe, 2017*) in which qualifications gained in all the levels of education through formal, non-formal and informal learning are placed.

The levels are defined by **descriptions of the levels**, expressed by **learning outcomes**. The learning outcomes describe the complexity of knowledge and understanding, skills and competences (Law on the National Qualification Framework, 2013) that need to be achieved. In fact, it must be pointed out that the learning outcomes as statements of what the individual needs to know, understand and he/she is able to do after completing the learning process are the same as the employment statement: possession of skills, knowledge and personal qualities that enable the individual chooice for an occupation in which he/she can be satisfied and successful.

Understanding the situation of the labour market is one of the key elements for development and implementation of the National Qualification Framework. The development of new qualifications or adapting the existing qualifications includes the changeable labour market needs. Thus, it is necessary to understand the structure and the future development on the labour market.

HR MANAGEMENT & LEADERSHIP SKILLS AND COMPETENCES

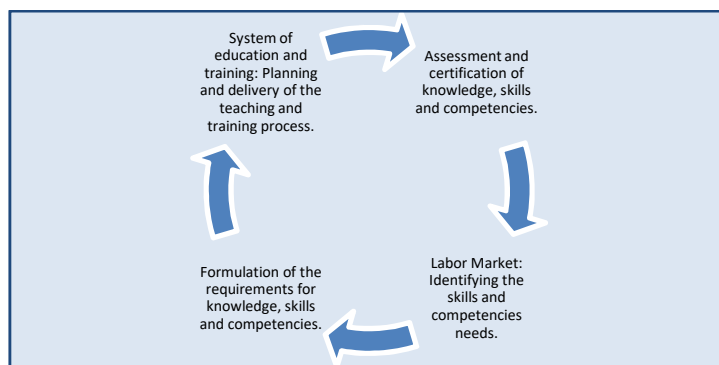


Image 1. Reflexive relation between the education and the labour market (Cedefop, 2013)

The National Qualification Framework encloses a wide spectre of users, starting from individuals, institutions, employers and society.

(a) **Individuals:** In the direction of planning a persons professional and career development, through the visibility of the qualifications in the framework, an individual is offered the possibility of a new qualification, up skilling and re-skilling qualification.

(b) **People who study:** In order to be able to fulfill their personal, social and economic aims, through the framework they perceive the opportunity for equal, concessive approach to the appropriate education and training, different ways of learning and gaining qualifications throughout their whole life.

(c) **Qualifications carriers:** The framework enables qualifications to be recognized on a national as well as on an international level.

(d) **Employed individuals:** Using different approaches of learning, the framework gives an opportunity for planning the career development and promotion of the skills and performances on their jobs.

(e) **Employers and Chambers:** Through the framework they have an opportunity to see the different existing qualifications in Macedonia and to plan the human resources based on a jobs

HR MANAGEMENT & LEADERSHIP SKILLS AND COMPETENCES

analyses. Employers need educated staff who owns from basic working skills to academic skills, and transversal skills for communication, team work, interpersonal relations, responsibility and negotiation as well. By mapping the skills and providing competences, the employers transform the organization in a successful organization and contribute to career development of the individuals.

(f) ***Organizations and Companies:*** They use the qualifications from the Macedonian Qualification Framework for planning trainings for improvement of the skills and competences of their employees. They can prepare qualification training programmes that are contained in the framework, especially job trainings.

(g) ***Institutions which offer formal education and training, informal education and assessments:*** With the transparency of the framework and the clarity of qualifications within the framework they can plan and offer various programmes for qualifications according with the national qualifications standards .

(h) ***Employment agency of R. Macedonia:*** Using the qualifications from the Macedonian Qualification Framework, for improvement of skills and competences of the unemployed people, it creates active programmes/ measures for job preparations, eases the employment and increases their competitiveness on the labour market.

(i) ***Creators of the educational and trainings policies:*** They get data and information about new qualifications that influence the educational reforms, its flexibility and adjustment with the labour market needs.

(j) ***Economy and society:*** The qualifications of the Macedonian Qualifications Framework are aligned with the economic and social as well as cultural needs of the state and with their quality they carry their recognizability and recognition.

HR MANAGEMENT & LEADERSHIP SKILLS AND COMPETENCES

3. THE PROCESS OF LIFELONG LEARNING AND CAREER DEVELOPMENT

The process of lifelong learning (*National Qualifications Framework developments in Europe, 2017*, http://www.cedefop.europa.eu/files/4163_en.pdf/) is a result of the dynamic and mobile labour market and the opening of new jobs that seek competent working force, easy adaptable to new changes and challenges. Simultaneously, the planning of human resources, their selection and continuous promotion of their skills and competences are in context of adaptation to the fast changes and improvement of working performances. This is enabled through different ways and types of learning during the whole life. That's why the lifelong learning is not limited to only adult learning. The wide spectre of systems of education and learning: formal and non-formal system of education and informal learning, throughout the whole individual's life includes all the stages, starting from pre-school to old age, as a concept of lifelong learning (*Improving career prospects for the low-educated, The role of guidance and lifelong learning*, 2010, http://www.cedefop.europa.eu/files/5554_en_0.pdf/) that witness that the education is not a closed process that starts only once and finishes.

As a tool, National Qualification Framework, eases the learning approach, opens the ways towards new learning opportunities and availability on different levels and types of education. Throughout the diverse learning approaches, the frame is not limited only to those who are at an age to start participating in the formal educational system.

Therefore in a different way from the formal education, they provide skills and competences that are crucial for employees in dealing with complex work responsibilities and adapting the general and specific knowledge and competencies to the new tasks. The transparency of the framework, the clarity of qualifications and the perceiving of the relation between the type and the level of the qualification, offers an opportunity for new qualification, additional qualification or up-skilling and re-skilling of qualification for every

HR MANAGEMENT & LEADERSHIP SKILLS AND COMPETENCES

individual, for every job at any time. The qualification framework (*Application of Learning Outcomes approaches across Europe*, 105, http://www.cedefop.europa.eu/files/3074_en.pdf/) gives trust and certainty in the process and support of individuals who during their education, from different reasons have not been able to gain basic competences. It enables a stimulating environment that will encourage the employees and the individuals to seek new knowledge and improving skills constantly through their whole life, as a significant part of the development of people as an intellectual capital and as productive citizens for social-economic development of the country and its democratic capacities as well. That way the employees can plan and promote their career development by reading the defined learning outcomes i.e. what is expected for them to know and to be capable of doing after the learning process by attending the needed trainings. The National Qualification Framework initiates creation of learning culture on an individual as well as on an institutional level through increase of the learning opportunities, the level of participation in the learning process and the request for learning. The lifelong learning has a key role in the development of the employment strategies, especially in the promotion of qualified, professional and flexible working force by removing obstacles for involvement of individuals in the labour market and career planning defined by the responsibilities of the individual and his/hers input in that process (Matis and Jackson, 2010).

According to the traditional meaning, the term career meant a selection of a single job which suited the individual, chosen in his/her youth and commitment to the one during their whole lives without thinking about career promotion and development. As a result the career was prepared from a very early age, based not on skills or competencies but rather on the individual personal wishes and interests.

Today, under the influence of rapid and unexpected changes in technology and economy that have taken place in the world, but also in the way of life, this notion begins to change. Changes in the labor market (2017, http://www.cedefop.europa.eu/files/5560_en.pdf/), fueled changes

HR MANAGEMENT & LEADERSHIP SKILLS AND COMPETENCES

at the work structure in the organizations: creating new as well as deleting other job positions. The process of employees progressing and prospering in the same organization became a rarity. Therefore, employees today must adapt to the rapid change and plan their career (Boljanovic, 2013).

Regarding this, today, the term career (Suša, 2009) is defined as the development of the individual in learning and working throughout the whole life and implies the professional ups and downs of the individual during his working life.

The career development is not summarized in a single decision. It is the result of multiple goals, tasks, results and processes throughout the lifetime of the individual. (Torrington and others, 2004) and happens whether or not he is thinking about it or not. The question is to what extent it is desired to influence the direction of career development, as opposed to being a coincidence. It requires a focus towards its planning, a clear goal and a readiness to learn and improve skills and competencies. Through the National Qualifications Framework, diversity of approaches and types of learning are been provided to improve and advance the knowledge and competencies of the individual in line with the changing times. The opportunities offered by education and learning beyond the educational and study programs, as well as the use of learning outcomes from the National Qualifications Framework in Europe 2017 have spurred planning and design of specific training programs for the unemployed, and programs for greater professionalism and competence of employees, which contributes to career development. Career development has become a paradigm for the adaptability of the individual and his changing with the changes in the labor market. The changes of the individual become visible if the competences of the National Qualifications Framework are translated correctly and then correctly translated into learning outcomes that are to be achieved through the training.

The choice of the individual to learn through the National Qualifications Framework provides lifelong learning for personal development and shows a clear commitment of the organization for the individual needs guaranteed in "continuous professional training of employees" or the right of the individual to various

HR MANAGEMENT & LEADERSHIP SKILLS AND COMPETENCES

types of training (Petkovski and Stoilkovska, 2010). The personal advancement of the individual depends on his/hers choice and will encourage the habit of continuous learning. It encourages the process of professional development. Continuing professional development is an integral part of the professional development of the individual, which is, again, a condition for the career development of the individual. Professional training includes theoretical and practical experience in the field of occupation or scope of work. Informing about the capabilities of the National Qualifications Framework favorably contribute to the motivation for learning the individual. Namely, learning outcomes will enable the individual on one hand to recognize the skills and competencies that he/she is lacking, and, on the other hand, to display the skills and competences he/she already possess and which are required for the respective job position of his/hers choice. In that sense, the individual also bases the selection of training programs on learning outcomes in accordance with the National Qualifications Framework, with which he acquires new or upgrades his / her skills and competencies. Skills and competences are the basis for further qualification, retraining or acquisition of partial or full qualification. Upgrading skills often leads to a better job, competency in job performance, greater job security, and improved social status.

Hence, recognizing the importance of the National Qualifications Framework is essential for the functioning of all its other dimensions. It is devastating to see how wrong or insufficient information can jeopardize the true purpose of the framework. Namely, a university professor who teaches study programs with learning outcomes and evaluates students for their knowledge and skills in his column titled "Catalonia under the Coat of Europe" (Nova Makedonija, Catalonia under the Coat of Europe, 2017) argues that there is neither a framework nor a system, neither development nor implementation, but only the absence of sound logic and colonial minds. According to him qualifications other than educational are psychophysical, sexual, sportish, qualifications for Eurosong or rialite shows, qualifications for quizzes. The challenge, therefore, is to fight the uninformed, especially when

HR MANAGEMENT & LEADERSHIP SKILLS AND COMPETENCES

there are attempts to show it manipulatively as some kind of an intrinsic advantage.

The conditions are met when the possession of information on the National Qualifications Framework and the use of its benefits should be ensured through all educational subsystems, between the formal and the informal sector and all social partners.

4. METHODOLOGICAL APPROACH IN THE RESEARCH

As an instrument for lifelong learning and career development, the National Qualifications Framework in the long run encourages the development of a knowledge-based society, promotes human resources for development and a competitive economy, provides increased social inclusion, social development, promotes and facilitates lifelong learning, the mobility of citizens during the acquisition of qualifications and their employment encouraging the career development of individuals. Therefore, it is necessary for individuals to be well-informed about all the benefits of the framework so that they can use it. It should become an integral part of the nation's process of learning and advancement. Without disseminating information about the establishment and meaning of the framework, and thus raising the awareness of individuals about its incentives, the fullness of using all of its possibilities is uncertain.

This imposed the need to prepare a research paper whether individuals are sufficiently informed and use the National Qualifications Framework in the process of their lifelong learning and career development. For this purpose, a hypothetical framework is elaborated which aims to prove that the National Qualifications Framework is an instrument for lifelong learning and career development, and if the holders of qualifications are adequately informed of the benefits of the National Qualifications Framework and continuously use it, then it will most definitely positively reflect on the motivation for lifelong learning and career development.

For the needs of the research, a questionnaire in form of claims was prepared, containing 12 closed questions adapted for the

HR MANAGEMENT & LEADERSHIP SKILLS AND COMPETENCES

target group included in the survey. The survey was conducted on a sample of 80 respondents, teachers in secondary schools.

On the first assertion that says: **I am informed about the implementation of the National Qualification Framework tool**, the following results were gathered:

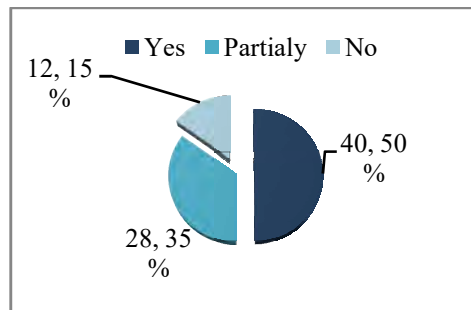


Figure n. 1 – *Information about the National Qualification Framework*

Related to the second assertion of the questionnaire which says: ***I recognize the ambit and the structure of the National Qualification Framework***: the following results were gathered:

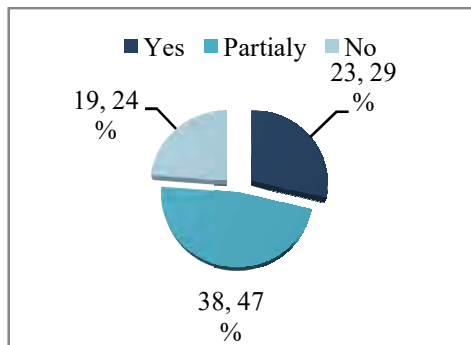


Figure n.2 – *Ambit and structure of the National Qualification Framework*

For the third assertion from the questionnaire which says: ***I am informed about the role of the National Qualification Framework***

HR MANAGEMENT & LEADERSHIP SKILLS AND COMPETENCES

(gaining qualification, up-skilling, re-skilling), the following results were gathered:

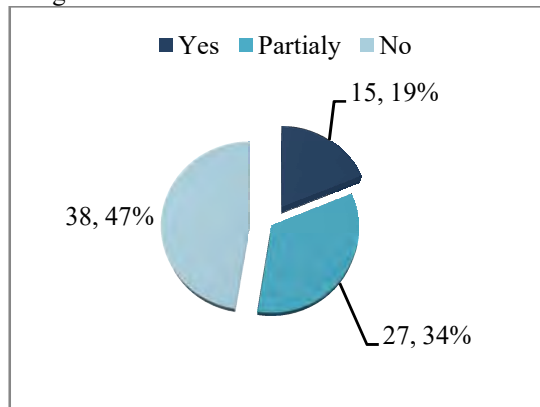


Figure n. 3 – *Information about the role of the National Qualification Framework*

For the forth assertion which says: **I am familiar with the different approaches of learning through *National Qualification Framework* (formal and non-formal learning)**, the following results were gathered:

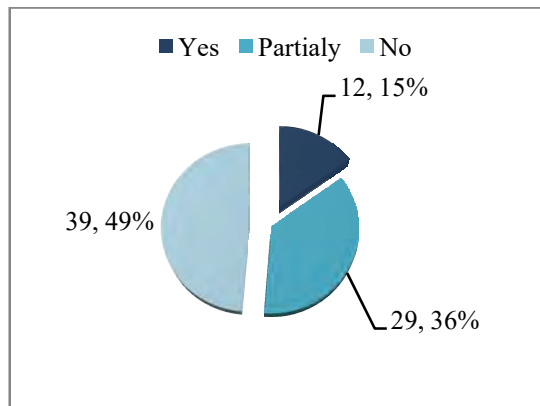


Figure n.4 – **I am familiar with the different approaches of learning through NQF**

HR MANAGEMENT & LEADERSHIP SKILLS AND COMPETENCES

For the fifth assertion of the questionnaire: *I am informed that in an informal way I can gain qualification, using the National Qualification Framework*, the following results were gathered:

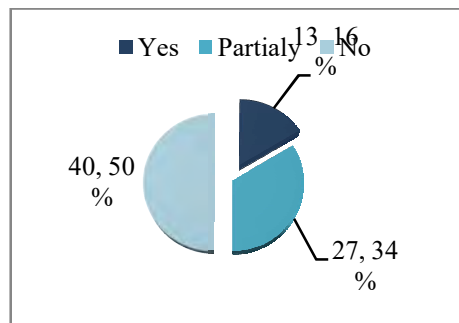


Figure n. 5 – Information about gaining qualification in an informal way

For the sixth assertion of the questionnaire: *I am informed that I can own more qualifications, independently of my primal education*, the following results were gathered:

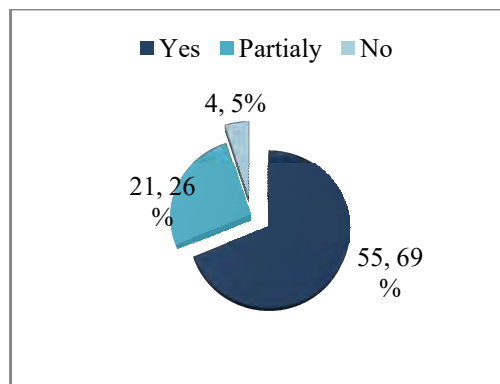


Figure n.6 – Information about owning more qualifications, independently from the primal education

HR MANAGEMENT & LEADERSHIP SKILLS AND COMPETENCES

Related to the seventh assertion which says: *I am informed about the contributions of the National Qualification Framework*, the following results were gathered:

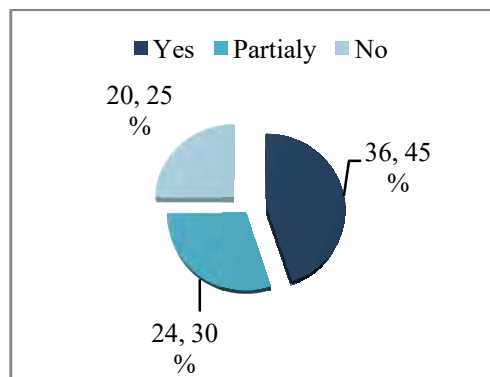


Figure n. 7 – *I am informed about the contributions of the National Qualification Framework*

On the eighth assertion: *I am familiar with the process of lifelong learning*, the following results were gathered:

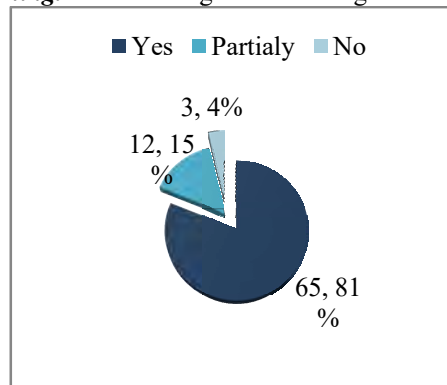


Figure n.8 – **Familiar process of lifelong learning**

On the ninth assertion which says: *I use different approaches for learning*, the following results were gathered:

HR MANAGEMENT & LEADERSHIP SKILLS AND COMPETENCES

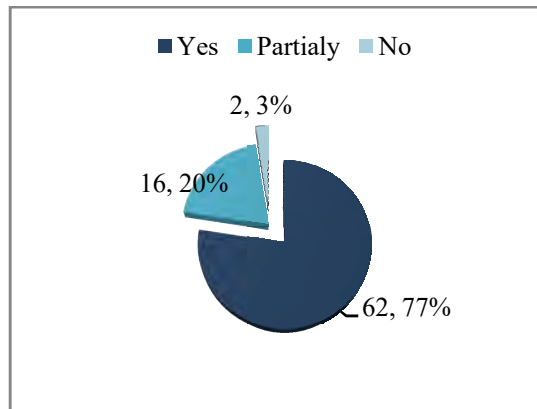


Figure n. 9 – Usage of different approaches for learning

The tenth assertion of the questionnaire says: *Lifelong learning enables me to deepen my knowledge and skills for the place where I work, and* the following results were gathered:

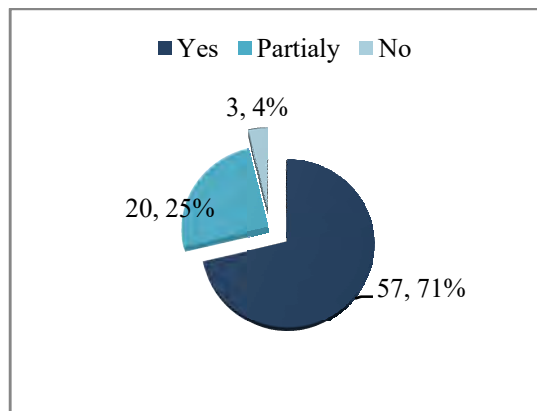


Figure n. 10 – Deepening the knowledge and skills on the working place

The eleventh assertion of the questionnaire says: *I consider that the National Qualification Framework gives an opportunity for lifelong learning, and* the following results were gathered:

HR MANAGEMENT & LEADERSHIP SKILLS AND COMPETENCES

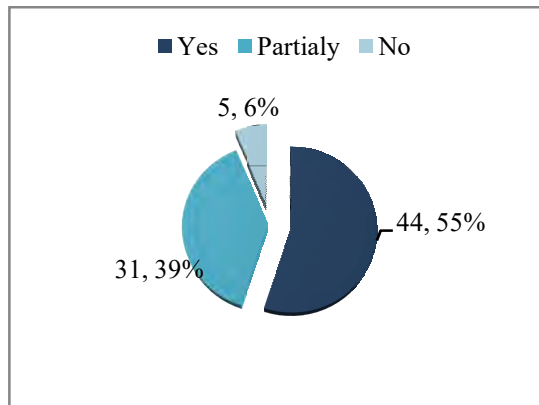


Figure n. 11 – *The National Qualification Framework gives an opportunity for lifelong learning*

The twelfth assertion of the questionnaire says: *I plan my career development*, and the following results were gathered:

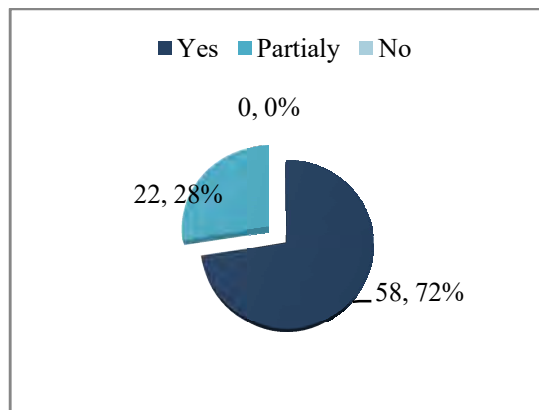


Figure n. 12 – *Planning a career development*

On the thirteenth assertion of the questionnaire which says: *I participate in trainings related to my career development*, the following results were gathered:

HR MANAGEMENT & LEADERSHIP SKILLS AND COMPETENCES

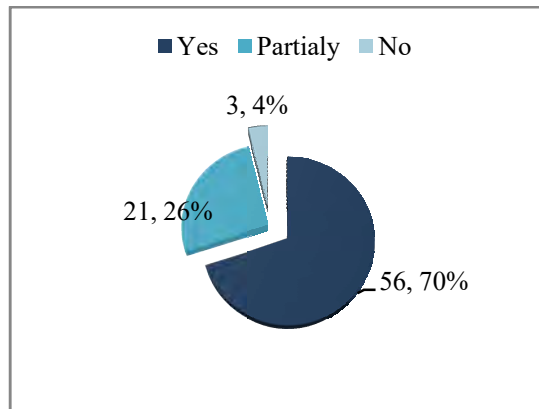


Figure n. 13 – Participation in trainings for career development

The fourteenth assertion says: *I know the contributions from using the National Qualification Framework* and the following results were gathered:

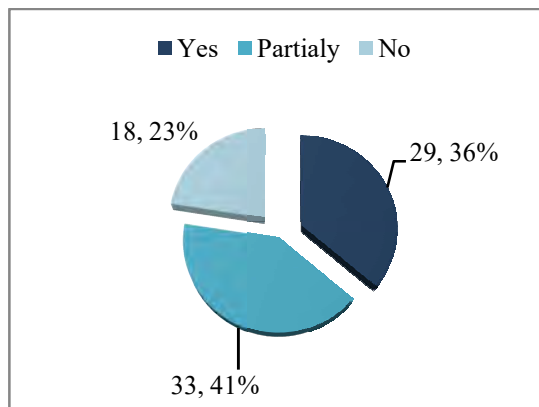


Figure. 14 – Contributions of usage of NQF

Related to the fifteenth assertion, which says; *I use the National Qualification Framework for gaining new qualifications*, the following results were:

HR MANAGEMENT & LEADERSHIP SKILLS AND COMPETENCES

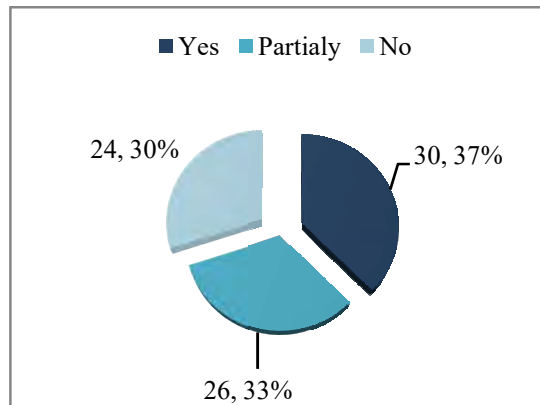


Figure n. 15 – *Usage of NQF for gaining new qualifications*

Related with the sixteenth assertion from the questionnaire which says: *I am using the National Qualification Framework for requalification*, the following results have been gathered:

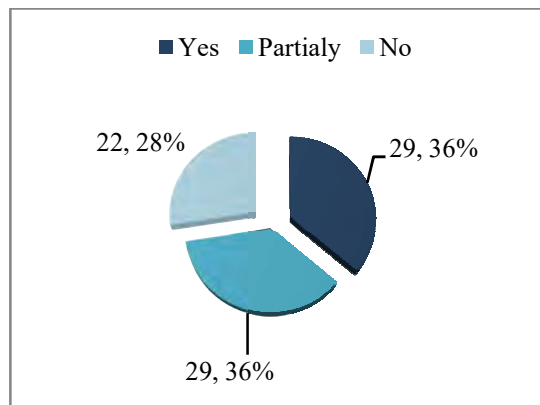


Figure n. 16 – *Usage of NQF for requalification*

The seventeenth assertion of the questionnaire says: *The usage of the National Qualification Framework enables me to have an*

HR MANAGEMENT & LEADERSHIP SKILLS AND COMPETENCES

additional qualification for a certain field and the following results were gathered:

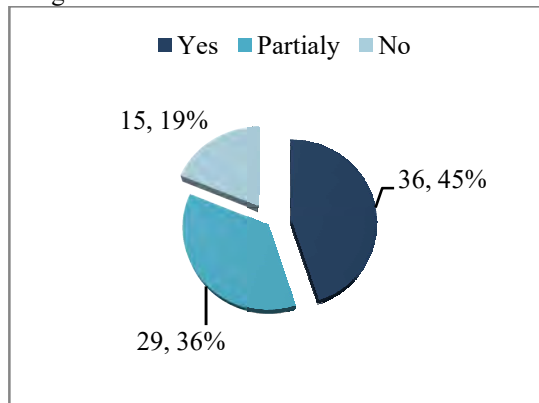


Figure n. 17 – The usage of NQF enables additional qualification for a certain field

On the eighteenth assertion of the questionnaire which says: *I am using the National Qualification Framework as a guide for lifelong learning*, the following results were gathered:

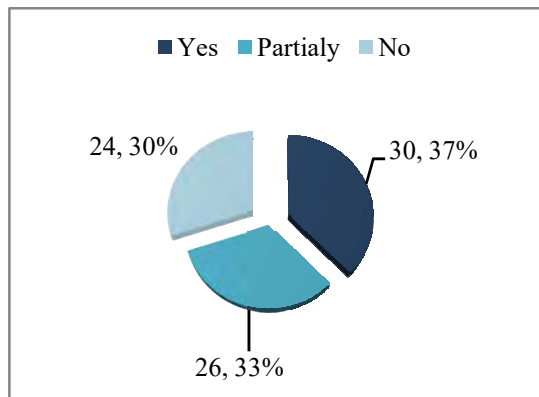


Figure n. 18 – I am using the NQF as a guide for lifelong learning

HR MANAGEMENT & LEADERSHIP SKILLS AND COMPETENCES

On the last, the nineteenth assertion from the questionnaire which says: *I am using the National Qualification Framework as an opportunity for career development*, the following results were gathered:

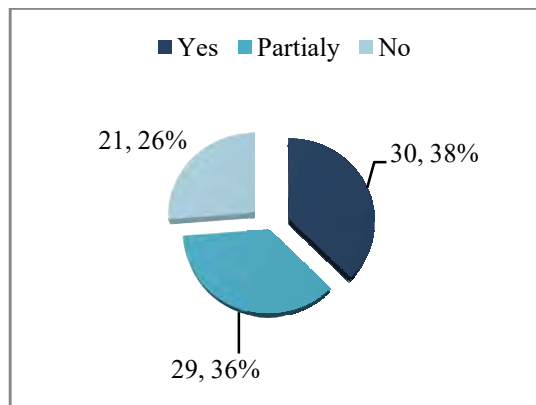


Figure. 19 – Usage of NQF as an opportunity for career development

CONCLUSION

The introduction and development of the National Qualifications Framework is a learning process that creates new knowledges and advancement of skills and competencies. The National Qualifications Framework also leads in the direction of building high quality social capital.

Through the opportunity it offers for vertical and horizontal transitions from one to another level of qualification, it is an instrument for lifelong learning and advancement of the career development of individuals. Institutions responsible for the qualifications system in Macedonia are responsible for raising awareness and communicating information about the role and benefits of the National Qualifications Framework to all its users.

Informing about the benefits of the National Qualifications Framework is a good basis for the important communication role

HR MANAGEMENT & LEADERSHIP SKILLS AND COMPETENCES

that the framework has in the creation of reforms for the well-being of society, the economy and the human capital.

The use of the framework from different stakeholders becomes interactive and dynamic, leading to co-operation and re-creation. Reforms help to create new qualifications that will stimulate lifelong learning, thereby enhancing the personal, professional and career development of the qualifications carriers.

Analysis of the research results indicates that the respondents are familiar with the function of this instrument, yet they still do not know the structure and scope of the National Qualifications Framework (levels, credits, level descriptions, learning approaches). They are informed about the term lifelong learning in the direction of upgrading knowledge, skills and competences through different learning approaches and working on their career development. The analysis also shows that individuals acquire new qualifications, as well as up-skilling and re-skilling qualification in their area of interests using a non-formal learning path, and make comparisons and linking of their qualifications acquired in the education system before the introduction of the National Qualifications Framework.

The results showed that employees use the National Qualifications Framework for Career Development and participate in trainings that provide knowledge and skills for career development.

The results obtained from the survey showed that the information and usage of the framework are at a satisfactory level, due to the fact that this population of persons included in the research participated in a number of workshops, trainings, debates and seminars on the role of the National Qualifications Framework as standard for classifying qualifications and a tool for lifelong learning and careers development.

The results gathered from this paperwork can be useful in a direction of spreading the ambit of qualification carriers from different areas and regions and their informing about the benefits which the National Qualification Framework offers in order for them to use it.

HR MANAGEMENT & LEADERSHIP SKILLS AND COMPETENCES

It is necessary to be careful when selecting tools for raising the awareness about the role of the framework, because it is of overriding significance for the efficiency of informing individuals. Such an approach should provide a habit of reading learning outcomes explaining what they will know and what they are able to do after the completion of the learning process, how to use informal learning paths, in particular the training at the workplace that will advance their skills and competencies will increase self-confidence and help them with easier employment, job retention or career development.

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HR MANAGEMENT & LEADERSHIP SKILLS AND COMPETENCES

THE ANALYSIS OF THE WORKPLACE AIMED AT EFFECTIVE ALLOCATION OF HUMAN RESOURCES

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Edita Avtova

Abstract

The paper is an action research conducted in order to prove the connection of the implementation of the work analysis as part of the preparation of the strategy for human resources planning with the appropriate allocation of human resources in the interest of increasing the work efficiency

The assumption is based on the resolved theoretical determination of the work analysis as an important function of every human resources manager. The research was conducted in educational institutions for primary and pre-school education. The results of the research are useful for all organizations, especially for the educational, that are interested in improving the efficiency of the work of each individual, and thus the entire team in the organization, but also for the scientific public dealing with the research area.

Keywords: human resources management, job analysis, job description, job specification, job redesign, compatibility of competencies and work activities.

JEL classification: J53

INTRODUCTION

Towards the end of last and the beginning of XXI century, we are witnessing the emergence of strong challenges in the economic sciences. The great advances in information technology, as well as science and technology in general, alter the characteristics of the business environment that is becoming increasingly complex.

The easy availability of information in synergy with the developed manufacturing technology contributes to shortening the "lifetime" of knowledge. The innovation cycle - imitation - unification is becoming shorter, resulting in the fact that what today

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HR MANAGEMENT & LEADERSHIP SKILLS AND COMPETENCES

represents knowledge, tomorrow is already commonplace and well known for many market parties. People and their competences, talents, abilities and devotion become the most important factors for a successful organization. Therefore, organizations that recognize the importance of human potential realize that investing in people, attracting and motivating the best, make the crucial difference that divides successful from unsuccessful organizations.

By having appropriate HR policies and practices in place, organizations can elicit employee behaviors that are consistent with an organization's strategy (Rose & Kumar, 2006).

The analysis of the work is one of the functions of the manager for human resources management. From the analysis of the work, two important documents arise, which are the job description and the job specification. Based on this, the planning of the employees is working, whether it is a strategic planning of human resources or as part of the company's annual planning. At this stage in the development of human resources management in the Republic of Macedonia, it is necessary to analyze the situation in the environment in order to determine which changes are needed for the organizations to introduce in their management of intellectual capital in order to increase their efficient operation.

1. HUMAN CAPITAL IN THE ORGANIZATION

The philosophy of human resource management starts from the view that the organization will meet its goals only if it previously satisfies the needs of the individuals working in it, and conversely, the employees in the organization will be satisfied only if their work efforts are directed towards achieving the goals of its organization.

In the new economy, human capital is the pillar of the intellectual capital and core value of the organization.

At the organizational level, the goals are aimed at increasing the level of average productivity, improving the quality of working conditions, growth and development of the organization and profitability in its functioning. Work engagement is a motivational concept that deals with the voluntary allocation of individual's

HR MANAGEMENT & LEADERSHIP SKILLS AND COMPETENCES

resources directed to the range of tasks required by a particular vocational role (Christian, Garza, & Slaughter, 2011; Schaufeli & Bakker, 2003; Vallieres, McAuliffe, Hyland, Galligan, & Ghee, 2017).

Factors affecting all aspects of human resource management can be internal and external, relating to the characteristics of the organization, the characteristics of employees and the activities performed, as well as government laws and regulations, labor market trends and requirements of the environment. With increasing recognition of the HR-performance linkage, it has been suggested that organizations that actively pursue job analysis as a HR planning strategy are likely to gain competitive advantage (Anthony et al., 2002; Dessler, 2003).

2. WORKPLACE ANALYSIS

Workplace analysis is the use of one of the numerous structured techniques in studying the functioning of an organization.

Workplace analysis is a process of collecting all relevant information about the tasks and responsibilities of a particular job, including the professional and psycho-physical skills and skills required of those who perform those tasks.

Workplace analysis organizes workplace information such as tasks, knowledge, skills, abilities, and other attributes known as KSAO - Knowledge, Skill, Ability, Other personal characteristics.

The information collected during the analysis of the workplaces is a basis for the necessary work of the personnel service. Thus, apart from the professional selection, workplace analysis is important in numerous other processes.

Typical outcomes of the job analysis include identifying the most efficient ways of performing work tasks, the enhancement of employee job satisfaction, opportunities to improve training, development of performance measurement systems, and matching job requirements with individual qualifications as part of employee selection and development (<http://www.businessdictionary.com/definition>, 8/5/2017).

HR MANAGEMENT & LEADERSHIP SKILLS AND COMPETENCES

Workplace-based analysis is an activity that human resource managers have to deal with constantly, because it is the basis for human resources planning, giving important information necessary for the development and work specification. Not all employees are motivated to meet the needs for control, positive image, and connection at work (Wrzesniewski & Dutton, 2001).

There are two approaches in workplace analysis:

- workplace-based analysis of tasks, focused on tasks, duties and responsibilities that are performed at one workplace
- competence-based workplace analysis, focused on the knowledge and skills needed to fulfill the tasks, duties and responsibilities of the workplace.

In fact, most workplace analyzes can be characterized either as qualitative (emphasizing the norm or prescribed workplace features) or as quantitative (emphasis is placed on empirically collected information about duties, employee behavior, employee characteristics, environmental conditions, size working groups, the production level).

Organizations often do not pay sufficient attention to the workplace analysis. The reason is the costly procedure in which managers do not want to invest because they do not see direct benefits, but also the lack of a person who is qualified enough to do the analysis. A global leader must be aware of their personal cultural biases and be willing to change their opinions by learning from those that are different from them (Rabotin, 2008).

As a consequence of the constant changes in the scope and the way of performing tasks at the workplace, the qualities and skills that are required by the employees are changed. Therefore, a constant insight and review of workplace analysis is required, which should be available to managers and employees permanently.

If there is no documented workplace analysis in the organization, for starters, it is necessary to determine a sample of workplaces that are key to organizational success and start the analysis, and then proceed with an analysis of the others (<https://selekcija.hr/2008/09/analiza-posla/>, 2016).

HR MANAGEMENT & LEADERSHIP SKILLS AND COMPETENCES

Workplace analysis can offer a solution for the most effective organization of work (job classification), improvement of ineffective processes (work redesign), planning of improvement for introducing new workers in the existing processes, or existing workers in new processes, establishes criteria for evaluating the workplace effect, for proper and fair compensation, planning the progress of employees throughout their careers.

3. ANALYSIS AND DESIGN OF WORKFLOW

Work, workplace and employment in conditions of globalization become a matter of daily politics and the individual.

In the present knowledge economy, the external environment is rapidly evolving and work roles are less clearly defined than in the past. Therefore, organizations increasingly rely on their employees to fill the gap between explicit job requirements and the emergent behaviors necessary for organizations to remain competitive (Demerouti, Bakker, Gevers, 2015).

Work, as a means of achieving a particular goal and as the smallest part of the organization, is a whole in itself, and it can be carried out by people, machines or even people and machines at the same time. In addition, within a workplace, tasks that are part of different tasks may be covered. Work is the basis of the economy of all societies.

The workplace is a kind of working system aimed at changing the properties or position of an object at work.

The workplace constitutes of: the man, the means of work, the working space and the appropriate working conditions. If any of these items are missing, there is no workplace.

Workflow Analysis is a study of how the work moves through an organization (Matisse, 2010).

This analysis is an important element of the analysis of the workplace and most often contains the following steps (Matisse, 2010):

- Examining the quantity and quality of the desired and the real result (product and service)

HR MANAGEMENT & LEADERSHIP SKILLS AND COMPETENCES

- Assessing the activities (tasks and work places) that have led to such results to see if they achieve the desired result
- Assessment of the input (people, material, information, data, equipment, etc.) to determine whether the activities and results are more efficient and better
- Consider how new technology or technology development affects or will affect workflow.

After the analysis of the workflow, the necessary changes in the operation are followed in order to improve the activities of the organization. These activities can be product development, customer service or delivery of a service. Changes in the organization's operations are conducted in three phases (Matisse, 2010):

1. Re-thinking, examining how the current organization of work and workplace affects customer satisfaction and service
2. Re-designing, analysing how jobs and workflow are compiled and how results are achieved, and, if necessary, redesigning the process
3. Re-find tools, use of new technology as an opportunity to improve productivity, service quality and customer satisfaction.

The design of the workplace includes the content of the workplace and the effects of the workplace on the employees.

An important aspect of the work is the eligibility between the employee and the workplace, that is, the adequacy of the characteristics of the employee with the characteristics of the workplace. Eligibility between the employee and the workplace can be easily changed through the change of the workplace, through its redesigning.

Elements of the workplace that can change in order to change the workplace are (Matisse, 2010): full versus part-time, responsibility, salary, goals, necessary expertise and necessary skills, equipment used, workplace safety, working conditions, formal relationships with others, flexibility of working schedule, job content, feedback, authority, opportunity for development, status, employee involvement and specialization.

HR MANAGEMENT & LEADERSHIP SKILLS AND COMPETENCES

Changing all or part of the elements represents a redesign of the workplace, while the expansion of job involves adding tasks, primarily horizontal, whereby the limits of the job description become looser. By expanding the workplace, overlaps can occur.

The rotation of the work places is a procedure introduced by the Swedish organization "Volvo". It is especially suitable for employees on the current line in order to replace the monotonous work after a while by moving to another job in the same group, department or shift. In this way, employees can get insight into other tasks and better understand their place in the process. The rotation of the workplace has additional positive consequences because employees are constantly learning, developing and changing.

Modern organizations also use the method of enriching the workplace. It is a procedure in which the scope of work is vertically increased by adding responsibilities for planning, organizing, consolidating or analyzing the work at a particular workplace. Occasionally, new tasks may be added, which are performed by the superiors.

When designing workplaces, account is also taken of working conditions that significantly affect the ability of employees to perform their tasks in the long run. Developed organizations are investing in creating a better work environment, as well as ergonomic workplace creation.

The layout and location of the employees in their work influence the design of the work activities.

Working time is any period during which the worker is working and available to the employer for the performance of his duties and tasks in accordance with the law (http://www.mtsp.gov.mk/wbstorage/files/pt_zakon_za_rabotnite_ondnosi_158_09122010.pdf accessed on 10.02. 2016).

Weekly average working hours for the European Union is 41.5 hours, while in Macedonia 43.2.

More and more organizations, especially in the Western countries, offer the opportunity for flexible working hours - employees are in their jobs a certain number of hours, but with a flexible start and end of working hours. Flexible working hours for

HR MANAGEMENT & LEADERSHIP SKILLS AND COMPETENCES

employees make it easier to adapt to family responsibilities, leisure time and work. The biggest disadvantage of flexible working time is that it cannot be applied to every job. In recent years, there has been an increasing interest in psychosocial workplace risk assessments in Germany. One of the questionnaires commonly employed for this purpose is the Short Questionnaire for Workplace Analysis (Schuler, 2017).

Source data for job analysis can be: employees, supervisors, managers, workplace analysts. The data obtained from the workplace analysis is used to describe the workplace and its specification.

Implementation of the analysis of the workplace, depends on the size of the organization and its structure. In large organizations that have a Human Resources Department, the activities of the human resources department and managers are clearly defined.

In smaller organizations, where there is no HR department, workplace analysis is performed by managers. Given that they do not have the support of experts from the Human Resources Department, the preparation of workplace analysis is often improvised. Such organizations also have a different option, and it is engaging external persons or organizations that will help, or make analysis of the workplace.

Workplace analysis data can be provided using multiple methods, and the use of the questionnaire method is the most commonly used method that enables the collection of data from a large number of employees in a short time.

Employee analysis can be seen as a threat to their current position in the organization. It is therefore important to know how it affects the behavior of employees and therefore any workplace analysis must begin with an explanation of why it is being implemented.

The notion that workplace analysis leads to a reconsideration of the job description and its specification can cause anxiety because it endangers the sense of security and safety of employees. Their jobs can change, and hence to get new and difficult responsibilities. Resistance to change is a natural response to employees. Managers should know this and include them in the workplace analysis.

HR MANAGEMENT & LEADERSHIP SKILLS AND COMPETENCES

Managers must also be aware of the legal aspects of analyzing workplace tasks which should be consistent with the legislation.

The results of workplace analysis are used to create a description of the workplace and its specification, as a group of tasks, duties and responsibilities of a job. Job description outlines the job tasks, duties and responsibilities and serves as a guide for the recruitment and selection process going forward in general (Ghazi & Edien, 2018).

4. METHODOLOGY

Undoubtedly, human resources are the key of success in any organization regardless of the action field. Therefore, when it comes to the success of the company, special emphasis is put on the management of human resources, which implies appropriate recruitment, selection of the best talents, allocation of suitable jobs positions, permanent monitoring of the employees performance, determination of necessary trainings and other forms of acquisition of competences, etc. For all of these functions, as the strategy of the human resource management organization requires, it is necessary first of all to carry out work analysis, as a process and analysis of each individual workplace in the organization. This impetus is significant for making all decisions related to the functions of human resource managers. Teachers' job satisfaction could predict the level of job burnout (Tang & Peng, 2008; Zhang, Yang, & Ling, 2014).

The purpose of this writing is to prove or reject the assumption that the analysis of the workplace and the appropriate allocation of human resources are in direct connection. The survey was carried out to 94 respondents, from who 14 managers and 80 employees, aged 24- 64 years.

First, the distribution of the respondents by age was determined. It was found that 23 out of 94 covered by the survey were aged 25 to 35 years, representing 24%, from 26 to 45 years, a total of 41 respondents or 44%, while at the age over 45, there were 30 respondents, concerning 32% of the total number. This allocation is relatively balanced, so the results obtained from the survey are

HR MANAGEMENT & LEADERSHIP SKILLS AND COMPETENCES

expected to be relatively independent from the age of employees and managers

Survey results

In order to get information how many employees and managers have an idea of the meaning of job analysis, the question raised: "In our organization before we do a new strategy we do job analysis", with options: it's not true at all, a bit true, it's quite true and it's completely true. On this issue, the managers of 100% responded completely correct. Unlike to them, the employees responded with it's not true at all 0% of the respondents, and it's a bit true 49% of the respondents, with 39% being quite true 17% of the respondents, and the results are graphically presented.

According to the dominant representation of respondents' answers, it follows that employees and managers have an idea of the importance of job analysis, in creating an organization's strategy.

In order to get information on the number of employees involved in the preparation of job analysis, the question was asked: "Employees are involved in the preparation of job analysis", with options: it's not true at all, it's a bit accurate, it's significant true and quite true. On this question, the managers replied that it was not true at all that no respondent answered, 0% of the respondents were really correct, with 57% being correct and 43% of the respondents were completely correct. In contrast, the employees responded with absolutely not exactly 23% of the respondents, 39% of the respondents were not sure, with 14% being correct and 24% of the respondents were completely correct.

From the results we can notice, there is a disproportion in the responses of managers and employees, which leads to the fact that the need for inclusion of employees is mainfor the interest of creating a strategy for developing modern management.

In order to obtain information how many organizations own a document in the form of a report from the conveyed job analysis, the question was asked: "My organization has a document in the form of a report from the conveyed job analysis" with options: it is not true at all, a bit true, it's quite true and it's completely true. On this question, the managers replied with it's not true at all none of

HR MANAGEMENT & LEADERSHIP SKILLS AND COMPETENCES

the them answered it's a bit true, 17% from the respondents, with significant 36% being correct and completely true 57% of the respondents. In contrast, the employees responded with it's not true at all 0% of respondents, it's a bit true 29% of the respondents, with quite true 39% being true and completely true 32% of the respondents.

From the results we can notice, although there is a difference in the responses of the managers and the employees, the organizations prepare a report on the conducted analysis of the jobs, and it's familiar almost to all employees.

In order to get information on how many employees and managers have a sense for description of the working place for each job, the question was asked: "There is a job description for every job position in my organization", with options: it's not true at all, a bit true, it's quite true and it's completely true. To this question, the managers answered it's not true at all 14% of the respondents, it's a bit true 7% of the respondents, with quite true 7% and it's completely true 72% of the respondents. Contrary, the employees responded with it's not true at all 0% of the respondents, it's a bit true 6% of the respondents, with quite true 33% and it's completely true 61% of the respondents.

From the results we can notice, although there is a difference in the responses of managers and employees, organizations have a job description document for each position.

In order to obtain information on how many organizations own a document in the form of a report on the conducted job analysis, the question was asked: "In my organization we have elaborated a job specification for each job position", with options: it's not true at all, a bit true, it is quite true and completely true. On this issue, the managers responded it's not true at all 14% of the respondents, a bit true 0% of the respondents, with quite true 7% and completely true 79% of the respondents. Unlike them, the employees responded with not true at all 6% of the respondents, 10% of the respondents were a bit accurate, with a significant 45% being correct and 39% of the respondents were completely correct.

HR MANAGEMENT & LEADERSHIP SKILLS AND COMPETENCES

According to the results of the managers and the employees, the organizations prepare a job specification for each working position and are familiar with almost all employees.

In order to obtain information on how many organizations own a document in the form of a report on the conducted job analysis, the question was asked: "The analysis of work often indicates the need for job redesign", with options: it is not true at all, a bit true, it's quite true and it's completely true. On this question, the managers answered it's not true at all 29% of the respondents, and it's a bit true 0% of the respondents, with quite true 21% being completely true 50% of the respondents. Unlike them, the employees answered it's not true at all 6% of the respondents, 46% of the respondents are a bit true, with a significant 18% being correct and exactly 30% of the respondents are completely correct.

As can be seen from the results, there is a difference in the responses of the managers and the employees, but both categories have an idea of the essence and the need for redesigning the jobs.

In order to obtain information on the number of organizations owning a document in the form of a report on the conducted job analysis, the question was asked: "The changes that occur in education require expanding the employees' working responsibilities, with options: it is not true at all, a bit true, it's quite true and completely true. On this question, the managers responded with it's not true at all 0% of the respondents, it's a bit true 0% of the respondents, with quite true 29% and 71% of the respondents were completely correct. Nearly identical results have the employees who responded with it's not true at all 0% of the respondents, a bit true 0% of the respondents, with 39% being a quite true 64% of the respondents are completely correct. The results are graphically presented.

From the results we can notice, there is no big difference between the responses of managers and employees, in relation with changes that occur in education require expansion of the employees' working duties.

In order to obtain information on the number of organizations owning a document in the form of a report on the carried out job analysis, the question was asked: "The extended duties have been

HR MANAGEMENT & LEADERSHIP SKILLS AND COMPETENCES

entered in the Job Description", with options: it's not true at all, it's a bit accurate, is quite true and completely true. On this question, the managers answered it's not true at all 29% of respondents, it's a bit true 7% of the respondents, with quite true 7%, and 57% of the respondents were completely correct. Unlike them, the employees responded with it's not true at all 0% of the respondents, 30% of the respondents were a bit true, 40% being quite true and 30% of the respondents were completely correct.

From the results we can notice, there is a big difference between the responses of the managers and the employees, in relation to the expanded duties entered in the job description in their organizations, so the managers consider that a small attention is put to this issue.

In order to obtain information on how many organizations own a document in the form of a report on the job analysis, the question was asked: "The changes that take place in education require enriching individuals' responsibilities" with options: it is not true at all, a bit true, it is quite true and completely true. On this question, the managers responded with it's not true at all 0% of the respondents, it's a bit true 0% of the respondents, with a quite true 29% and being completely true and 71% of the respondents. Unlike them, the employees responded with it's not true at all 0% of the respondents, it's a bit true 5% of the respondents, with 39% being a quite true and completely true 56% of the respondents.

From the results of managers and employees we can notice, changes that occur in education require enriching responsibilities of individuals in organizations.

In order to obtain information of the number of organizations owning a document in the form of a report on the conducted job analysis, the question was asked: "Most of the employees are doing their job with pleasure", with options: it's not true at all, it's a bit true, it's quite true and completely true. On this question, it is not true at all, and 0% of the respondents answered a bit, with a quite true 64%, and completely true 36% of the respondents. Unlike them, the employees responded with not true at all 6% of the respondents, 24% of the respondents were a bit true, with a quite true 45%, and completely true 25% of the respondents.

HR MANAGEMENT & LEADERSHIP SKILLS AND COMPETENCES

From the results of the managers and the employees we can notice, most of the employees are satisfied with their job, but it is noticeable that the satisfaction with the two groups of respondents is according to the positions of the jobs.

In order to obtain information on how many organizations own a document in the form of a report on the job analysis, the question was asked: "I think that most of the employees are placed in appropriate positions according to their competences (knowledge and skills) with options: it's not true at all, it's a bit accurate, it's quite true and completely true. On this question, the managers responded with it's not true at all 0% of the respondents, a bit true 0% of the respondents, with a significant 21% being correct, and completely true 79% of the respondents. Unlike them, the employees responded with it's not true at all 0% of the respondents, a bit true 19% of the respondents, with a quite true 44% and completely true 37% of the respondents.

From the results we can notice, the respondents consider that most of the employees are placed in appropriate positions according to their competences.

In order to obtain information on the number of organizations holding a document in the form of a report on the conducted job analysis, the question was asked: "I consider that most of the employees are placed on appropriate job positions according to their education," "with options : it's not true at all, it's a bit accurate, it's quite true and completely true. On this question, the managers responded with it's not true at all 0% of the respondents, a bit true 0% of the respondents, with a significant 14% being correct and completely true 86% of the respondents. In contrast, the employees responded with not true at all 4% of the respondents, 6% of the respondents are a bit true, with a significant 36% being quite true and 54% of the respondents are completely true.

As can be seen from the results, the respondents consider that most of the employees are placed on appropriate jobs positions according to their education.

HR MANAGEMENT & LEADERSHIP SKILLS AND COMPETENCES

CONCLUSIONS

Intensive environmental changes insist on rapid response by organizations. Especially educational institutions as carriers of progress in every society should react quickly and be reorganized for a quick response to the needs of the environment, customers and all other stakeholders.

The changes and rapid development of management science, aligned in the practice of organizations, does not exclude the management of human resources. From this aspect, organizations must adapt to the need to anticipate and undertake activities aimed at developing and retaining the necessary staff, especially educated and competent employees, as well as through the efficient management of human resources. That is the only way to be successful in the environment that is characterized by dramatic and continuous industrial change and economic development.

For successful allocation of human resources, it is necessary to develop a strategy for human capital development. Certainly, as a forerunner, an analysis of the work must be carried out, and after that it must go over planning of human resources.

It is a fact that in the Republic of Macedonia very rarely, partially or not at all, a job analysis is carried out. It can be found in some other form, just like analysis of the work, but not as a regular planned procedure before making strategic planning of human resources. Namely, our strategy for human resources development is not quite present in Macedonian organizations, with the exception of those with private or foreign capital.

From the job analysis document itself, two important documents are derived, those are the job description and the job specification. The organizations have these documents as norms adopted by the legal sectors that operate within their frameworks, and on the level of line ministries.

In the research conducted for the needs of this writing, that treats the analysis of the work with its inseparable elements, such as the job description and the job specification. The survey was conducted in educational institutions, as primary schools and kindergartens. Directors of all listed institutions and appropriate

HR MANAGEMENT & LEADERSHIP SKILLS AND COMPETENCES

number of employed teachers and other staff from their organizational structure were taken as a relevant sample of research.

In the research, job analysis was crossed with job description, job specification, job redesign and complementarity of the competencies of the employees with the workplace. As can be noted, all five variables are closely related and represent significant elements of job analysis.

The obtained results suggest that before planning human resources in these institutions, serious attention is paid to the needs of the workforce. The job description descriptions and job specification bear poor results, but are covered by the statements about the existence of such a procedure in the institutions. This means that the employees do not know the names of the documents, but they are present in the work of the schools, that is, the kindergartens, but are not accepted as a process that is part of the analysis of the work of human resources.

The competences of the employees are appropriate to the needs that are prescribed for each job, but research indicates the need for a sector development or an employee in the field of human resources management in educational institutions in order to increase the efficiency of their work.

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HR MANAGEMENT & LEADERSHIP SKILLS AND COMPETENCES

TEAM COLLABORATION BETWEEN MANAGERS AND EMPLOYEES - FACTOR FOR SUCCESSFUL WORKING IN THE ORGANIZATIONS

Marijana Radevska¹

Abstract

To be a successful manager means to think about building teams and groups, to become a motivator and organizer in a high interdependent system of people and work. No matter how wise and experienced the manager is, he still doesn't have as much experience as all the employees together. Good communication, holding regular meetings in which they decide, regularly organizing training, incorporating the employees in the making of the yearly plans, delegating rights and responsibilities of the employees, are the factors which the manager practiced participatory management in his enterprise. To better understand the process of team work, team communication in an organization, it is necessary to look into the phenomenon that is called cooperative or organization culture. The development of the organization culture, as wanted believing and behavior which will dominate, it will mean opening opportunities for a long term orientation not just for the quality for the products or favours, but also improving the quality of the whole process.

Lately in the organizations the whole attention is on the team work, because that way they will be more efficient. Teams are a part of many organizations. Successful team work is based on the energy which exists between the members of the team and that creates an environment where everybody is ready to be involved, all to promote and have a positive, effective team environment. The main task of the effective team work is attracting and keeping the right members of the team. No matter how hard it is for a group of people to try and work together and to make an effective team, without the right people for work, the team will fail. Team work is especially important for the success of the organizations. Building high effective teams not only is a job but it means knowledge. They need to be carefully built, and keeping in condition so they can complete the mission.

Keywords: management, organization, managers, employees, group work, team work.

JEL classification: J53

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HR MANAGEMENT & LEADERSHIP SKILLS AND COMPETENCES

INTRODUCTION

The teams are a part of many organizations. Successful team work is built on the energy that exists between all the members and all of that builds an environment which everyone is ready to promote and have a positive, effective and team environment. With this study there should get a diagnosis for the condition of the if they can work more effectively if there is team work, if the manager can get everything done and to give rights to the employees. The vision the mission and the goals can be accomplished if the manager works with the groups and the teams, the organization in the work will give better results in the work, the control and self-control will be stronger, if all the employees are included, the tasks will be successful.

1. TEAM COLLABORATION BETWEEN MANAGERS AND EMPLOYEES IN ORGANIZATIONS

The team was represented by a small group of people, whose advantage was shared by the community and who acted in accordance with their goals. All members of the team share common goals and skills that are complementary and effective in synergy. Thus, the virtues of each individual, which made them useful, afforded the disadvantages of remaining hidden. To be successful, the members of each other are very important. This contributes to facilitating the execution of bosses. Entrepreneurs, organizations and other structures today depend on the teams and their ability to act.

Members of the team need to be flexible enough to adapt to co-operative working environments, where goals are achieved through co-operation and social interdependence, rather than individual and competitive goals.

Every modern manager must successfully team up teams and teams, and thus develop the capabilities of individuals in the team. Employees in an enterprise expect their manager to be successful, which means being: rational, practical, pragmatic, efficient, but at the same time to be effective, which means quality in managing the organization, as in the case of the company.

HR MANAGEMENT & LEADERSHIP SKILLS AND COMPETENCES

The development of group and team work in an organization allows the implementation of the participatory management approach, which "feeds" the ambitions of the best employees in the enterprise and helps the director prepare his co-workers and heirs.

2. RESEARCH

The labor survey was conducted in Resen and covered 35 respondents, 10 of whom are managers, and 25 are employed. Respondents (both managers and employees) are carefully selected to be employed in the public and private sector, to be of a different gender structure and different educational profile. The survey was conducted with a survey questionnaire composed of 10 questions through the scaling technique.

The processing of the data obtained from the questionnaire was conducted through the following stages: data collection, data validation and tabulation. The results of the research will contribute to determining how successful managing by managers leads to more efficient teamwork and teamwork by employees.

Therefore, this research should examine the attitudes and opinions of managers and employees in terms of professional or business behavior, in order to establish how well the group and team work in the enterprises is good.

Table 1.

	Questionnaire for managers	I agree	I partly agree	I agree
	Do you agree that an enterprise that prefers teamwork and teamwork works more effectively?	8	2	0
	Do you agree that if the job is well-organized, in that case the motivation and organizational results of the employees are increased?	9	1	0
	Do you agree that a well-organized job avoid or reduce conflicts in the organization?	10	0	0
	Do you agree that teamwork and teamwork helps to create the right organizational structure,	7	1	2

HR MANAGEMENT & LEADERSHIP SKILLS AND COMPETENCES

	and that it ensures effective coordination of employees?			
	Do you agree that if in the case the right person is placed in the appropriate position, more rational, then the working hours, material assets and the ability of the employees will be used?	10	0	0
	Do you agree that if team practice is practiced in the enterprise, then there will be more communication and managers will be constantly informed about the course of work?	10	0	0
	Do you agree that running the organization should concentrate more on the needs and the relationship with the employees, and less towards the financial results?	7	2	1
	Do you agree that if the organization operates group and team work and delegate more rights and responsibilities, then employees have greater reliability, satisfaction and success in the work?	10	0	0
	Do you agree that the organization in which the employees are delegated responsibility for the realization of some task but also the authority to make certain decisions, then is the motivation and the initiative for progress?	8	2	0
0	Do you agree that by using group and team work in setting work standards, control will be accurate, flexible, timely?	9	1	0

Table 2

	Questionnaire for employed	I agree	I partly agree	I agree
	Do you agree that an enterprise that prefers teamwork and teamwork works more effectively?	21	2	2
	Do you agree that if the job is well-organized, in that case the motivation and organizational results of the employees are increased?	22	3	0
	Do you agree that a well-organized job avoid or reduce conflicts in the organization?	20	4	1
	Do you agree that teamwork and teamwork helps to create the right organizational structure, and that it ensures effective coordination of employees?	21	3	1
	Do you agree that if in the case the right person is placed in the appropriate position, more rational, then the working hours, material assets and the ability of the employees will be used?	18	7	0
	Do you agree that if team practice is	25	0	0

HR MANAGEMENT & LEADERSHIP SKILLS AND COMPETENCES

	practiced in the enterprise, then there will be more communication and managers will be constantly informed about the course of work?			
	Do you agree that running the organization should concentrate more on the needs and the relationship with the employees, and less towards the financial results?	20	4	1
	Do you agree that if the organization operates group and team work and delegate more rights and responsibilities, then employees have greater reliability, satisfaction and success in the work?	25	0	0
	Do you agree that the organization in which the employees are delegated responsibility for the realization of some task but also the authority to make certain decisions, then is the motivation and the initiative for progress?	22	2	1
0	Do you agree that by using group and team work in setting work standards, control will be accurate, flexible, timely?	19	3	3

Do you agree that an enterprise that prefers teamwork and teamwork works more effectively, is the first question from the questionnaires of managers and employees. In both cases, we have the agreement that teamwork in the organization is more efficient.



Graph 1



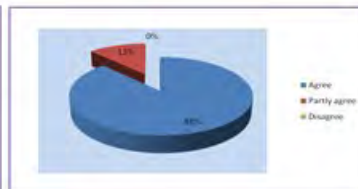
Graph 2

For the second question, **Do you agree that if the job is well-organized, in that case the motivation and organizational results of the employees are increased,** we have a similar case as before. Employees and managers are thinking almost the same. We have agreed almost all of the interviewed respondents.

HR MANAGEMENT & LEADERSHIP SKILLS AND COMPETENCES

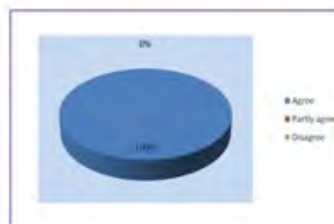


Graph 3

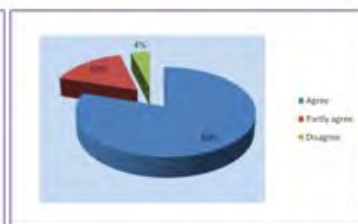


Graph 4

Do you agree that a well-organized job avoid or reduce conflicts in the organization? Even 100% of managers think that this is the case, but 80% of employees agree with this opinion.



Graph 5

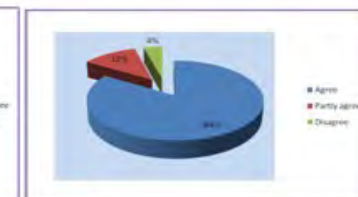


Graph 6

For the question **Do you agree that teamwork and teamwork helps to create the right organizational structure, and that it ensures effective coordination of employees**, 70% of managers and 84% of employees agree that creating the right organizational structure ensures efficient coordination of employees.



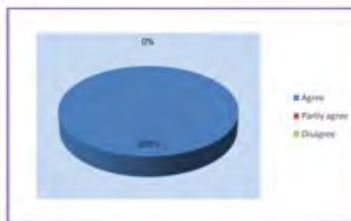
Graph 7



Graph 8

HR MANAGEMENT & LEADERSHIP SKILLS AND COMPETENCES

Do you agree that if in the case the right person is placed in the appropriate position, more rational, then the working hours, material assets and the ability of the employees will be used, In this case, 100% of managers agree, 72% of employees agree with this issue, but 28% agree demographically.



Graph 9

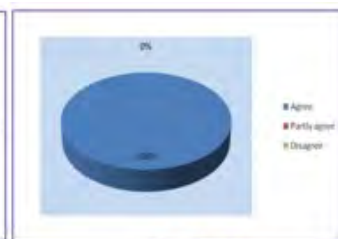


Graph 10

Do you agree that if team practice is practiced in the enterprise, then there will be more communication and managers will be constantly informed about the course of work, regarding this issue, there is an excellent agreement between the given answers and the managers and the employees. Everyone fully agrees that if team practice is practiced in the organization, in that case there will be more communication and managers will be constantly informed about the course of work.



Graph 11



Graph 12

For the question, **Do you agree that running the organization should concentrate more on the needs and the relationship with**

HR MANAGEMENT & LEADERSHIP SKILLS AND COMPETENCES

the employees, and less towards the financial results, managers 70% agree, 20% partially agree and 10% disagree. The employees 88% agree, 8% partially agree and 4% disagree.



Graph 13



Graph 14

Do you agree that if the organization operates group and team work and delegate more rights and responsibilities, then employees have greater reliability, satisfaction and success in the work, all 10 managers and 25 employees agreed with this view.



Graph 15



Graph 16

For the ninth question, **Do you agree that the organization in which the employees are delegated responsibility for the realization of some task but also the authority to make certain decisions, then is the motivation and the initiative for progress,** the considerations of managers and employees are similar. 82% of managers and 88% of employees agree with this view. A small percentage partially agrees or disagrees that it is so.

HR MANAGEMENT & LEADERSHIP SKILLS AND COMPETENCES



Graph 17



Graph 18

For the last question **Do you agree that by using group and team work in setting work standards, control will be accurate, flexible, timely**, 90% of the monitors answered that they agreed and 10% disagree. The employees 76% agree, 12% partially agree, and the same disagree.



Graph 19



Graph 20

The research that has been carried out in this paper points out the connection between the division of roles in the team, in accordance with the competences of the employees, with the efficiency of the team, that is, the entire organization.

The results from this be used to help the company in which it is conducted, but in any other organization, where they need to improve the team's work, especially since the effectiveness of the teams is an organizational phenomenon that is applicable in the organization of any kind. With good teamwork between managers and employees, the organization will move forward in all fields.

HR MANAGEMENT & LEADERSHIP SKILLS AND COMPETENCES

CONCLUSION

Today, with teamwork, unreachable achievement has been achieved - from monitoring the time and space that has been purified to solving the human genome problem.

Teams and teamwork have become the most frequent and most popular conception of modern management. In recent years, they have built the foundations for the reorganization of the work in the organization, and the ability to execute and manage the teamwork has become one of the essential conditions of the selection for employment.

The introduction of teams and teamwork means the introduction of fundamental changes in the way the work is done, in this way the separation of the organization and the way of managing the work. It is a formidable preparation and planning, long-term investing in organizational resources, time and know-how that enabled the successful deployment of teams.

Teams and teamwork contributed to the redesign of the organization, its training for greater flexibility, creativity and dynamism for contemporary global and competitive business conditions. The teams have been formed and for the purpose of capitalizing on the knowledge and motivation, in order to eliminate the bureaucracy, as well as to promote the flexibility and responsibility of the members of the organization. That way, it stimulated and facilitated the transfer of the powers, information and knowledge to the lower levels of the organization.

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HR MANAGEMENT & LEADERSHIP SKILLS AND COMPETENCES

THE COMMUNICATION BETWEEN THE EMPLOYEES IN THE PUBLIC SECTOR, PRECONDITION FOR SUCCESSFULLY DONE WORK TASKS

Aleksandar Markovski¹
Marijana Radevska

Abstract

The quality of the employees working in the public sector depends primarily from the behavior from the superior towards the employees in the separate sectors. The superior in the public sector should communicate with the employees in a way that will have mutual respect, and that alone will result in a successful tasks from the employees. Between the superior and the employees there should be mutual respect, team work, solidarity and respect towards the differences. The communication between the employees should always be in interest of bettering the work atmosphere, building a correct and pleasant work environment in which the communication with the colleagues won't have fights, offending, avoiding creating problems and also taking initiative to resolve them and stop them from happening again. Respecting the colleagues privacy, the superiors privacy, and avoiding an unprofessional approach is the foundation of cooperation and positive work environment. With an honest and open relationship with their superior the employees build the foundation for cooperating with the superior with earned trust and improvement in the organizational culture, which will lead to an effective, efficiency and economically in doing the work tasks. The communication in the public sector has interaction between individuals and groups in the organization. Its used for putting the organizational philosophies and values, encouraging, team work and development of strong relationships between the individuals of the organization. Promoting the care for the colleagues from their superior make the opportunity for a professional development and promotion in the career, and the mutual respect of the colleagues make a good working atmosphere, and all of that is a predisposition for successfully done work tasks.

Keywords: the spirit of mutual understanding, communication, respect, cooperation, superiors.

JEL classification: J53

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HR MANAGEMENT & LEADERSHIP SKILLS AND COMPETENCES

INTRODUCTION

The communication in the public sector is a twoway process, which means sharing informations from the employees to the management and sharing informations from the management to the employees. You have to take in concideration that you have to avoid making the communication in a way that the tasks and decisions will be done from one side. All of this doesn't affect positively on the motivation of the employees, and the company loses really important resources such as ideas, inovations and direct informations from the market can come to the employees.

1. THE COMMUNICATION IN THE PUBLIC SECTOR

The public sector is a part of one country which is producing, supplying and distributing goods and services for the Government and its citizens, regardless of whether they belong to a national, regional or local level or local municipal authority.

The essence of the public sector as a whole is to ensure the proper use of public goods and services for all citizens, as well as proper interpretation of the law and proper handling of the same, depending on the scope of the institution.

Public administrations (ministries, ministries such as inspectorates, administrations and bureaus, and independent state organs, such as numerous agencies and directorates) are considered public sector under the public sector, the expert services of the government, the assembly and the courts , administrative organizations (such as the State Statistical Office, the State Archives), the local self-government, institutions and public enterprises.¹

Communication among people is an important cultural factor that significantly affects the relationships between interlocutors. The manner of communica- tion and the content discussed are

¹[https://cup.org.mk/publications/Monitoring%20izvestaj_Mac_f%20\(2\).pdf](https://cup.org.mk/publications/Monitoring%20izvestaj_Mac_f%20(2).pdf) (accessed on September 25, 2018)

HR MANAGEMENT & LEADERSHIP SKILLS AND COMPETENCES

determined by the further events and consequences that with the feedback can cause positive or negative effects.¹

The communication in every organization is an essential tool and is particularly important for management. It is said that the one who has the information has the power, so communication is one of the most important tools in today's world. As an activity, communication takes away most of the managers time, so any increase in the management's effectiveness or improvement in communication skills directly or indirectly contributes to the improvement of organizational priorities

Through communication, an analysis of organizations, managers, employees, and tasks and learning is made, we conclude how important it is. But in order to better understand its need, we first need to understand the notion of communication itself.

Good communication in the public sector is a very important element is how pure air is usually taken as guaranteed, as long as its absence does not make life and work unpleasant.²

2. THE EMPLOYEES AS A FACTOR OF A SUCCESSFUL COMMUNICATION

Every organization, doesn't matter if its big or small, has the ability for taking care of and making the way of informations better and stronger. To realize that communication it should be twoway, and should not only be for the manager but for the employees as well. The first contact the organization has with the employee is through the job interview , the behavior with the employees and their superiors. The communication of the employee can bring promotions to the employee but it can also set it a step back. The good communication is needed in different times in the career of every employee.

¹Klaus, Bass, *Interpersonal Communication and Organizations*, 52.

²Kostov, *New Public Management*, 115.

HR MANAGEMENT & LEADERSHIP SKILLS AND COMPETENCES

The employees in the organization are the most important group and without it you can't have good communication or good management. The communication especially the one between the employees with their superiors, have a really big impact of the interpersonal relationships. Even when the managers have the best employees with the best skills, it's impossible to have the best result without communication. That's exactly why the biggest treasure in the company are the well informed employees who have good communication skills which follow and listen to their managers. The followers want to learn the informations from their managers but they also want to be heard. That allows them to be closer to them, and creates an atmosphere where they all feel like one big family. Practise shows that the communication brings harmony and balance in the workplace.

Some employees are excellent communicators and with them is easy to exchange informations, but there are some which need training and mentoring to get better in their communication skills.

3. RESEARCH

For this essay about "The communication between the employees in the public sector, as a precondition for successfully done work tasks" there was research done where the respondents were asked ten questions and the results were completely anonymous.

The research included 40 employees in the public sector, more precisely employed in the municipality of Resen, in the regional unit of the Health Insurance Fund of the Republic of Macedonia in Resen, in the Greater unit of the Pension and Disability Insurance Fund of the Republic of Macedonia in Resen and in the PS from the general Resen competence. All of these are organizations that deal with the provision of services of public character, ie organizations that are in the public sector. Indeed, the research, as previously stated in the methodological part of the paper, was done through various methods that are necessary for achieving the goals and tasks set in the paper. The most important method is the questionnaire.

HR MANAGEMENT & LEADERSHIP SKILLS AND COMPETENCES

Appropriate concluding observations are presented on the basis of the obtained data and their elaboration and analysis.

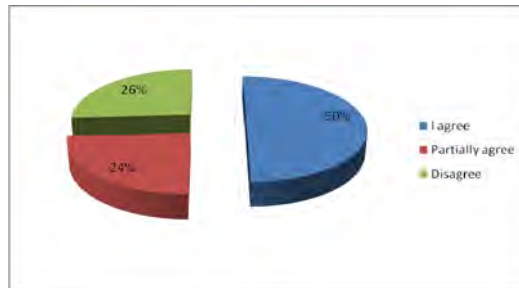
In addition, the answers to the questions (total of 10) are presented, presented graphically (in graph) and with appropriate comments about them.

Table 1.

	Question	I agree	I partly agree	I don't agree
1	In the organization where I work at, the employees understand the role of the public sector	20	9	11
2	In the organization where I work at I think that the employees are good at what they do and understand their role	28	9	3
3	In the organization where I work at I think that there is a very good communication between the employees	22	4	14
4	In the organization where I work at I have some problems when I communicate with my co-workers	16	15	9
5	In the organization where I work at I think that the good communication leads to a successful work day	23	10	7
6	In the organization where I work, there is a correct communication at all hierarchical levels	18	8	14
7	In the organization where I work at I think that the management takes care of having better communication and the success of their employees.	29	8	3
8	In the organization where I work at the employees are trained to explain everything to the citizens if they have the need to, and that leads to an effective and successful done task.	21	11	8
9	In the organization where I work at we have a successful cooperation with the other institutions with public character and are in another location.	31	5	4
10	In the organization where I work at if there are better technical opportunities I would use them for a better communication with the other colleagues from a different organization in another locations.	33	5	2

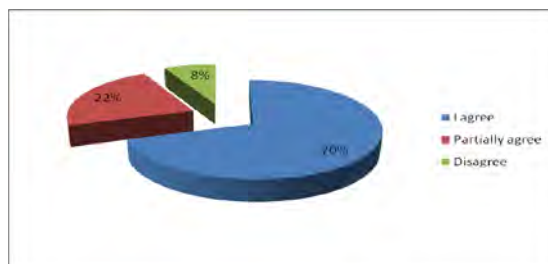
The first question, In the organization where I work, employees understand the role of the public sector, out of 40 respondents, 50% said that they agreed, 24% partially agree, 26% disagree.

HR MANAGEMENT & LEADERSHIP SKILLS AND COMPETENCES



Graph 1

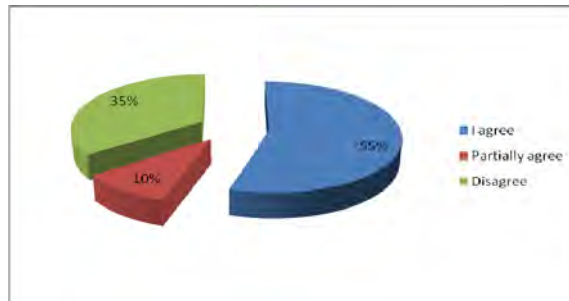
Regarding the issue. In the organization where I work, I consider that employees are well-trained for work in the public sector, a very large percentage of 70% say that they agree, 22% partially agree, 8% disagree.



Graph 2

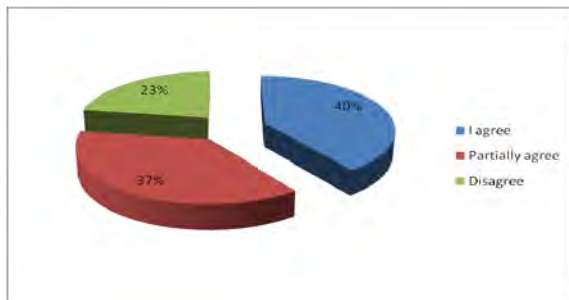
The third question in the organization where I work at I think that there is a successful communication between the workers, more than half (55%) agree, 35% don't agree 10% do not agree.

HR MANAGEMENT & LEADERSHIP SKILLS AND COMPETENCES



Graph 3

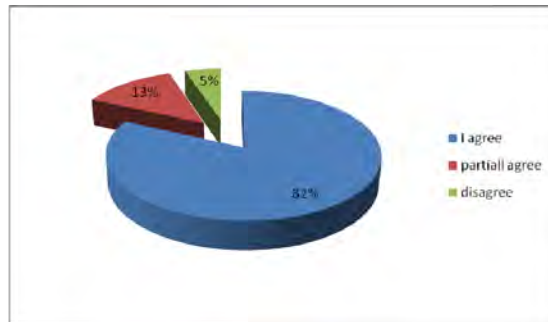
The question, In the organization where I work in communication with my colleagues, I encounter communication disruptions or some types of conflicts arise, 40% say that they agree, 37% partially agree, 23% disagree.



Graph 4

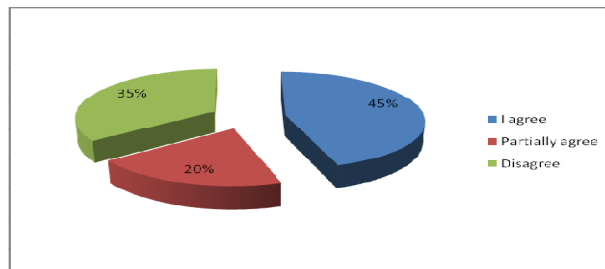
Fifth question. In the organization where I work, I think that the level of communication influences the successful cooperation between colleagues, a very large proportion of the respondents 83% agree, 12 partly agree, 5% do not agree.

HR MANAGEMENT & LEADERSHIP SKILLS AND COMPETENCES



Graph 5

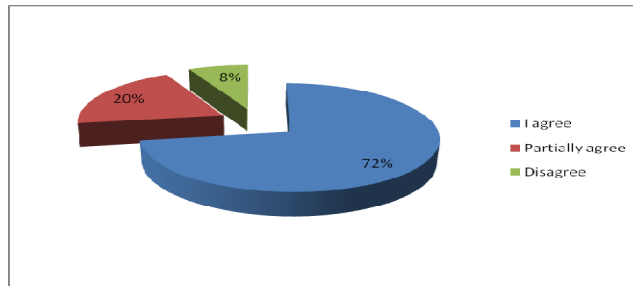
In the organization where I work, there is a correct communication at all hierarchical levels. It is an issue in which 40 employees 45% agree, 20% partially agree, 35% do not agree.



Graph 6

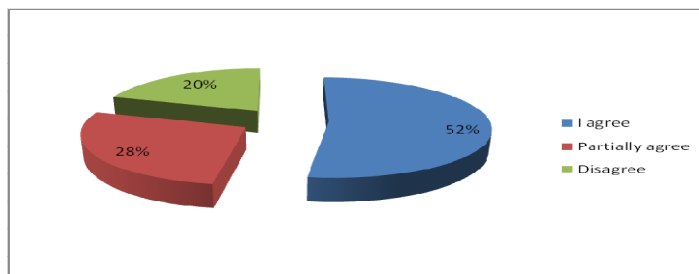
The next question, In the organization where I work, I consider that the management of the organization sufficiently ensures the achievement of a higher degree of success in communications and cooperation among colleagues, 72% agreed , 20% partially agreed and 8% did not agree.

HR MANAGEMENT & LEADERSHIP SKILLS AND COMPETENCES



Graph 7

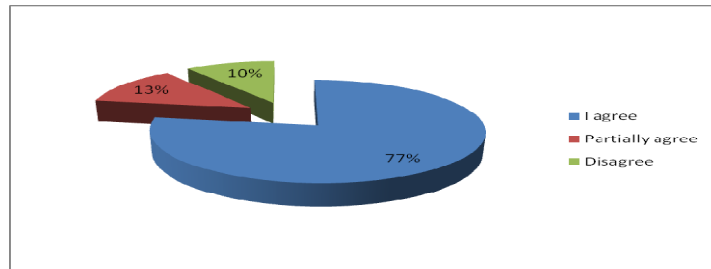
In the organization where I work the employees are trained for adequate access to the under-represented citizens in providing fast and efficient service. Of the total number of respondents, 52% agreed, 28% partially agreed and 20% disagreed.



Graph 8

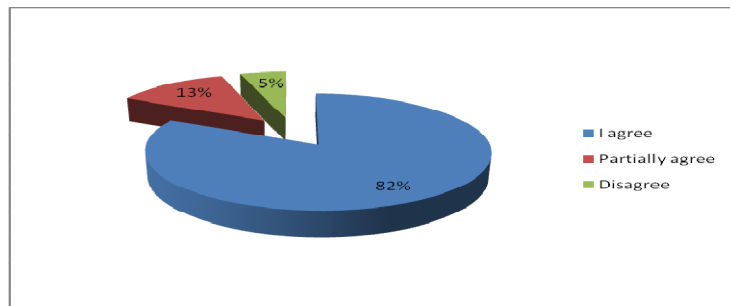
The ninth question from the survey questionnaire, In the organization where I work, we have successful cooperation with the other institutions and institutions that are of public character and are located in another settlement, respondents responded in this way 77% did not agree 10% and partially agreed 13%.

HR MANAGEMENT & LEADERSHIP SKILLS AND COMPETENCES



Graph 9

To the last question, in the organization where I work, if we are provided with better technical possibilities, we would use them in communication and cooperation with other colleagues from the organization or some other organization or institution of public character, as many as 82% of 40 respondents agreed, 13% partially agreed and 5% did not agree .



Graph 10

CONCLUSION

The survey provided an appropriate conclusion regarding the management of human resources in public sector organizations, that is, the conclusion regarding the management of human resources from the aspect of the internal cooperation of the employees through successful communication, transmission of information, adequate working atmosphere and teamwork is a step

HR MANAGEMENT & LEADERSHIP SKILLS AND COMPETENCES

ahead of others in achieving efficiency in its operations as part of the public sector.

In the paper, practical factors were analyzed, which are noted as crucial, and which have a decisive significance for the successful cooperation among public sector employees. As one could observe, these factors are good communication, information, working environment and, of course, teamwork in public sector organizations, that is, organizations in the Republic of Macedonia that are of public interest.

Practically, from the overall material presented in the research part of the paper, it is clear that, as with all organizations and organizations dealing with the provision of services to citizens, which are services of public character, it is of great importance that the mutual cooperation among the employees in the organization, which is also the only and most important factor in achieving satisfaction with the employees and the users of the services, and thereby achieving the appropriate desired competitive advantage organizations that are familiar with this activity.

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MANAGEMENT & ENTREPRENEURSHIP AND NEW TECHNOLOGIES

ENHANCING ENTREPRENEURIAL SKILLS OF EMPLOYEES IN THE EDUCATION PROCESS

Natasha Ristovska¹
Suzana Stankovska

Abstract

Modern organizations need to have a built-in management system in function of monitoring the employees' potentials and outputs, and mechanisms that will influence their initiative for entrepreneurship.

The purpose of this paper is to elaborate entrepreneurship in teaching, focusing on entrepreneurial learning, the characteristics of contemporary teachers, the innovation and creativity in teaching, and the role of management in educational institutions.

The motivation and professional development of the staff in the educational institutions are analyzed as part of the modern management functions. It is highlighted that the creativity and innovation of the modern teacher unequivocally influences and encourages students' entrepreneurship spirit and behaviour.

In this regard, the authors recommend that it is necessary to have a national strategy for entrepreneurial learning, as well as institutional policies, measures and programs that enable designing appropriate organizational culture that will encourage, support and develop entrepreneurial skills among employees in the educational institutions in order to provide quality education in accordance with the world trends and standards.

This paper is an action research conducted in order to prove the influence of the entrepreneurial skills of teachers in creating and applying modern methods of teaching for producing competitive labor force in accordance with the market needs.

Keywords: entrepreneurial skills, motivation, innovation, quality, education

JEL classification: M10; M20; I20

INTRODUCTION

The most valuable potential of an organization is the human potential. In order to build human capital, human resource management must develop strategies for finding the right people, motivating them, raising work satisfaction and keeping them as

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MANAGEMENT & ENTREPRENEURSHIP AND NEW TECHNOLOGIES

high-performance employees, that is, capable staff that contributes to maintaining the effectiveness of the organization.

The sense of initiative and entrepreneurship is one of the key competencies of employees - the ability of the individual to translate the idea into a work that also involves creativity, innovation, risk and project management to achieve the set goals.

Each organization should strive to encourage intrapreneurship, employees' creativity and inventiveness, to monitor their performance and to take care of their upgrading and developing their potential.

Developing an entrepreneurial mindset in society requires teachers to adopt entrepreneurial competences and to become entrepreneurial teachers. The achievements of students depend on the knowledge, abilities, entrepreneurship, creativity and inventiveness of their teachers. The entrepreneurial teacher gives initiatives and works as part of a team, assesses the risk, works on planning and project management, features proactivity, endurance, innovation, independence, responsibility and motivation to achieve goals. The entrepreneurial teacher focuses on student-oriented teaching methods. Researches show that education can have influences on three specific entrepreneurial capabilities—networking skill, proactiveness, and self-confidence (Lee1, Kreiser, Wrede, and Kogelen 2018).

1. ENTREPRENEURIAL SOCIETY

In order to promote entrepreneurship, entrepreneurial learning and entrepreneurial literacy, schools need to become the center of action, promoting the entrepreneurial spirit in the learning process.

When the concept of entrepreneurial learning is presented to parents, a cycle that creates an entrepreneurial environment begins. Students and parents discuss school topics, among others, about the entrepreneurial spirit. Parents support their children, teachers and the school, which enhances entrepreneurial thinking and promotes entrepreneurial thought and entrepreneurial activity.

The teacher can have a positive impact on students and the environment, but as an individual can not achieve a significant

MANAGEMENT & ENTREPRENEURSHIP AND NEW TECHNOLOGIES

change at society level. Therefore, the school leadership should be able to think entrepreneurially and support and promote entrepreneurial learning in the school and in the local community. In this way, the entrepreneurial school will have a positive impact on students and parents, supporting their entrepreneurial spirit, creating a positive environment for entrepreneurship. As a result, students, teachers, family members and members of the local community will become active in the learning process, contributing to the necessary conditions for the development of an entrepreneurial society.

The starting point of an entrepreneurial society is to have citizens with a positive attitude towards an entrepreneurial mindset. To achieve this goal and to develop an entrepreneurial spirit, an entrepreneurial mindset and an entrepreneurial competences, there must be a systematic approach, even among the youngest. The sense of initiative and entrepreneurship is one of the key competences - the ability of the individual to translate the idea into a work that also involves creativity, innovation, risk and project management in order to achieve the set goals. This is mandatory at society level and a factor that could lead in creating students entrepreneurs. According to European Parliament and Council Recommendation from December 2006 which addresses key competences for lifelong learning, the sense of initiative and entrepreneurship is one of the eight key competences (Official Journal of the European Union, L 394/10, 2006).

When it comes to entrepreneurial learning, in literature and practice, two basic terminologies are used: entrepreneurial education and entrepreneurial learning. There is a difference between the two concepts. Education is a process of acquiring competencies through teaching, while learning is a process of acquiring competences, through learning but also through the experience and greater self-initiative of a person who wants to learn something new. Therefore, entrepreneurial learning is a much broader term than entrepreneurial education.

The primary goal of entrepreneurial education is not simply to induce all citizens to open their own businesses, but to give young people the ability to think positively, to seek opportunities for

MANAGEMENT & ENTREPRENEURSHIP AND NEW TECHNOLOGIES

realizing ideas, to have the confidence to achieve their own goals and to use their talents to build a better society (both from an economic and from a social point of view). An entrepreneurial approach to education is a mid- to long-term strategy that generates significant positive changes in student behavior and attitude (Kirkley 2017).

2. ENTREPRENEURIAL LEARNING

It is particularly important for the Republic of Macedonia to invest in the development of entrepreneurship, as well as in the development of entrepreneurial culture among young people. Fostering experiential learning strategies favors the students' understanding of theoretical concepts and leads to the attainment of superior performance (Leal-Rodríguez and Albort-Morant 2018). The European Training Foundation is a European Union Agency (EU) helping transitional and developing countries to exploit the potential of human capital through reforms in education, training and labor market systems in the context of EU external policies. In this direction, the Entrepreneurial Learning Strategy of the Republic of Macedonia has been prepared, which aims to increase the confidence of the entrepreneurial endeavors of all citizens and enable them to have a full and effective role in the future development of the economy and the community.

The main principles of this strategic document are (Entrepreneurial Learning Strategy of the Republic of Macedonia 2014-2020, 4)

- Building strong awareness among all citizens, regardless of their age, religion or nationality, that entrepreneurship can be learned and that entrepreneurs can be formed.
- Support for creating an innovative society with highly creative and knowledgeable individuals.
- Practically oriented programs to facilitate entrepreneurial learning in formal education.
- Successful implementation of this strategy will provide an environment that fosters collaboration between key stakeholders.

MANAGEMENT & ENTREPRENEURSHIP AND NEW TECHNOLOGIES

- The implementation of best practices for entrepreneurial learning requires a development of an appropriate harmonized tools for monitoring, measuring and receiving feedback.
- Teachers of entrepreneurship courses are the key factor in an effective entrepreneurial learning strategy.

The Entrepreneurial Learning Strategy of the Republic of Macedonia is expected to:

- Create a lifelong entrepreneurial learning system through strong entrepreneurial schools, strong awareness of entrepreneurial learning related to state-of-the-art technology, institutional innovation in schools, curriculum reform at all levels, continuous teacher development and dissemination of best practices among all participants.
- Strengthen the entrepreneurial spirit, the entrepreneurial way of thinking and acting, innovative thinking, creativity, attitudes to risk taking and openness to change - through lifelong learning principles applied in all segments of the education system (formal and informal).
- Enable building a high level of awareness among pupils / students, parents, teachers and all involved parties in the process of entrepreneurial learning in the Republic of Macedonia.
- Enable creating teacher training programs that will reflect the real needs of today's and future markets (Entrepreneurial Learning Strategy of the Republic of Macedonia, 23).

3. CONTEMPORARY TEACHING METHODS

Traditional teaching provides students with necessary information, incorporates a formal look of a classroom, with focus on memorized learning, assessment with traditional interrogation, passive learning using one medium. Contrary to traditional, the student-oriented teaching is characterized by: exchange of information, where students are questioning information and solving problems, working in a flexible changing environment, with emphasis on understanding and application of knowledge, using different types of assessment, including project work and

MANAGEMENT & ENTREPRENEURSHIP AND NEW TECHNOLOGIES

active learning based on research. The pedagogy applied to entrepreneurship education should be built on the active role of learners in the learning process, and thus, on non-traditional teaching methods (Gibb 2011).

Innovation is an important feature of modern teaching. It means creating something new or something different from the existing. Innovation is the ability of people to discover or set up something new, to bring it into real life and work, and to benefit from it. Teachers should innovate their teaching methods that could result in the increased use of less frequently applied, more demanding methods. Obviously, teachers should be provided with adequate training in order to promote the implementation of entrepreneurship education in the best possible way (Deakins 2005).

Information technology is increasingly used in everyday life, so its application in the teaching process is inevitable. E-learning is an excellent learning method that enhances the lifelong learning habit.

Project work teaching is another method of learning where students become organizers and implementers of teaching, and the teacher is their mentor. Many researchers have reported positive learning outcomes and teaching experiences in projects carried out in close cooperation with businesses (Frank 2007). Teachers should also consider integrating game-based learning (simulations) into their curricula to facilitate entrepreneurial skills development (Costin, O'Brien, and Slattery 2018).

The teamwork with other teachers and professional associates who work with the same students, as well as cooperation with their parents and other social partners is of a great importance for a better quality teaching process. There is a wide range of teaching methods for entrepreneurship education, such as role-play, learning diaries, guest speakers, case studies and simulations that can be applied in the classroom (Shepherd 2004).

One of the innovative learning methods is the so-called flipped classroom. It is a teaching method in which the video replaces the teachers' lecture and allows him to give more attention to each individual student. Flipped is called because of the fact that in traditional teaching the lesson that is done at school, now students go through at home by watching a video that is previously prepared

MANAGEMENT & ENTREPRENEURSHIP AND NEW TECHNOLOGIES

by the teacher, while the homework, that includes solving a problem, is done at school. The flipped classroom is not a synonym for online video, nor does it replace a teacher with a video clip (Bergmann 2014). The flipped classroom method provides: a combination of guidelines and constructive learning, teaching in which all students are active, greater interaction in the class, students take responsibility for their learning, and absent students do not lag behind the adoption of teaching content.

A very interesting and innovative model in teaching is so called integrated teaching. The essence of this model is the linkage of teaching contents from several subjects. The preparation of the lesson is done by two or more teachers/mentors who speak about the same topic, but each one from the position of his subject. The teaching unit should be developed in exact order, to define the goals and to plan the time frame. Given the fact that one school hour is not sufficient to process one teaching unit from multiple perspectives, in practice usually a few days are used for integrated teaching. The main features of the integrated teaching are: teaching process realized by several teachers, students study different subjects at the same time, teachers use team work combining research and study of the teaching content, students acquire functional knowledge, not only memorizing facts as in traditional teaching.

In addition to innovation, creativity is the main feature of contemporary and entrepreneurial teaching. A simple definition of creativity is that it is the ability to conceive or invent something new, to generate new ideas by changing, combining or enhancing existing ideas. Creativity is also the attitude to accept change and freshness, the willingness to play with ideas and opportunities, inventiveness, individuality, flexible viewpoint, the habit of searching ways of improvement. Creativity is also a new approach to information. The creative teacher is curious, looking at opportunities in problems, does not give up easily, optimistic, enjoys in challenges, deals with criticism and courtesy, hard working, and so on. Teachers should effectuate their creativity as curriculum-developers, curriculum-makers and curriculum-transmitters (Shawer 2010).

MANAGEMENT & ENTREPRENEURSHIP AND NEW TECHNOLOGIES

The primary task of students is to learn effectively and to think critically. The teaching through number of techniques encourages students to review the information received from various aspects and to create their own opinion about the value and reliability of that information. These techniques are of particular importance for encouraging students' creativity, they are part of the contemporary teaching in which the student is an active subject, and the teacher is an instigator and a guide. Techniques of this type are brainstorming, insert technique, stop technique, clusters, petterd, venous diagram, cube, reformulation of the problem - the play of words and associations, turning the problem, surrender the idea, and mental maps (schemes).

Proper use of these techniques by a creative and entrepreneurial teacher, results in functional and applicable knowledge of students.

4. MOTIVATION, PROFESSIONAL DEVELOPMENT AND PERFORMANCE EVALUATION OF TEACHERS

Motivation is an internal process that directs human behavior towards achieving specific goals and meeting needs, or as an emotional state that encourages a person to respond in a specific way.

Teachers need to form an awareness of the social significance of their work and to motivate them to work on professional development so that they can easily innovate in their educational work in order to modernize their teaching. But we are witnessing that exactly identical treatment have those professionally refined teachers who are creative and innovative, characterized by initiating entrepreneurship in teaching, with those who are passive participants in the teaching process. The teacher evaluation system has the biggest influence for that situation. The teacher and his work are valued only on the basis of the realized program, without taking into account how the learning goals were achieved, and whether changes in students' knowledge were caused. The assessment system for students only takes into account the ability of students to reflect the contents of the program and is

MANAGEMENT & ENTREPRENEURSHIP AND NEW TECHNOLOGIES

predominantly dependent on the free assessment of the teacher (National Strategy for the Development of Education in the Republic of Macedonia 2005-2015, 39).

The school principal (manager) usually strives to provide remuneration that is fair and in line with employee's contribution, but also to punish when is needed. He seeks to motivate employees and to ensure their commitment in the education process. It is very important task for the principal to put the right employee in the right job. In education, this means that the teacher is teaching the subject for which he has the greatest affinities. In order to strengthen teachers' motivation, the Ministry of Education and Science in the Republic of Macedonia introduced legislative changes and builds a system for career advancement. This system makes it possible to distinguish both the teacher's title (teacher, teacher mentor, teacher advisor) and the amount of salary that the teacher will receive.

With the development of science and technology, modernization of the learning process is needed, and at the same time professional development of teachers is necessary. The teacher should be prepared to adapt the teaching to new theories of students' motivation and learning, to involve interactive learning, and to accept the challenges imposed by computerization and the Internet. Modern society also requires teachers to properly use new information technology, to be able to cooperate with professional associates and parents, as well as to evaluate their own work. In order to modernize the teaching process and to easily innovate, teachers must continuously work on their professional development. This contributes to easier integration of young people in the modern world and an increase of their achievements. The teacher who is ready to change will also support the process of developing students' skills and attitudes towards lifelong learning.

The professional development of the teacher includes continuous advancement and constant self-assessment.

Professional development of the teacher is a consistent process of developing the knowledge, skills and abilities of the teacher that improve his quality of work. This is an open, dynamic and enduring process, which incorporates following European trends and

MANAGEMENT & ENTREPRENEURSHIP AND NEW TECHNOLOGIES

translating new knowledge from different fields into practice. Students' results will be improved if the professional development deepens the knowledge of teachers to efficiently transfer the teaching content. The most common concern of teachers regarding professional learning and development is that it is too uniform and that it is not tailored to the individual needs of teachers.

Performance evaluation as a process in which the individual contribution of each employee to the achievement of organizational goals is assessed is of particular importance to the employees, the educational institution itself and those who acquire knowledge in that educational institution. In today's conditions, schools and teachers are also valued. Schools as educational institutions are valued through: self-evaluation, integral evaluation, external evaluation, and counseling.

The main participants in the process of self-evaluation are students, teachers, parents, professional associates and the school principal. The evaluation document is submitted to the corresponding institution that has control, advisory and development function. The assessment of teachers' performance is done in several ways: integral evaluation, external testing of students, questionnaires for students and parents, an hour's visit by the principal and the professional team (teacher, psychologist, vice principal), an hour visit by counselors and inspectors, students' achievement.

The learning data and the achievements of students from different sources (external tests, graduation, students' papers) can be used to assess teacher's performance. Skilled, experienced teachers, schools' managers or outside school professionals can also give feedback to teachers about their work.

The Principal assesses the performance of the teacher through direct lecture observation, results obtained from the external verification of the realized teaching contents and curricula, and the level of student achievement by grade per course.

With constant observation of teaching process, the unacceptable performance can be identified and improvement assistance can be immediately offered, which is an effective method of monitoring and control. After performing the assessment of performance,

MANAGEMENT & ENTREPRENEURSHIP AND NEW TECHNOLOGIES

feedback is given to the teacher that will be useful to him in the future, and at the same time it can be used as part of the process of identifying the training needs of the employees and their further development. Improving learning outcomes requires an approach to leadership development, which focuses on 'instructional leadership'. This means attempting to change the mind-set of educational leaders to regard the processes of teaching and learning as central to their role rather than simply leaving such matters to educators (Bush 2007).

5. REASERCH

The survey was conducted on a representative number of 80 respondents, employed in the high school SUGS Arseni Jovkov Skopje, of whom 5 members of the management and professional team and 75 teachers who teach general, economic and legal subjects. The poll was anonymous and the questionnaire contained 29 closed-type claims for measuring opinions on the same basis.

6. REASERCH RESULTS

The analysis of the questionnaires produced the following results:

On the claim: *In your organization, every initiative, creativity and desire to be involved is valued*, out of 75 teachers, with 1 (completely disagree) replied 10 respondents, with 2 (partially agree) 30 respondents answered, with 3 (agree) replied 20 respondents, with 4 (substantially agree) answered 10 respondents and with 5 (totally agree) answered 5 respondents. In the questionnaire for managers and expert associates on the same statement from 5 respondents, with 1 (completely disagree) answered 0 respondents, with 2 (partially agree) 3 respondents answered, with 3 (agree) 2 respondents answered, with 4 (substantially agree) 0 respondents answered, and with 5 (totally agree) 0 respondents answered. The percentage of these answers is presented in Figure 1.

MANAGEMENT & ENTREPRENEURSHIP AND NEW TECHNOLOGIES

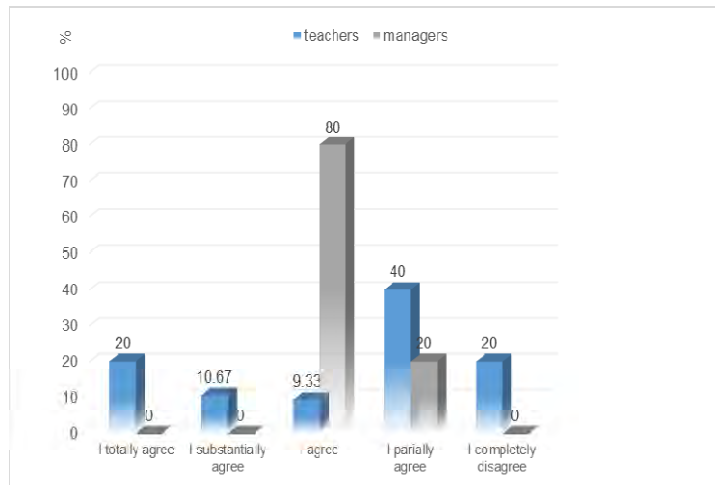


Figure 5. Answers to question no. 2

On the claim: *You are motivated for greater innovation, because it is valued in your organization*, out of 75 teachers, with 1 (completely disagree) replied 17 respondents, with 2 (partially agree) 28 respondents answered, with 3 (agree) replied 9 respondents, with 4 (substantially agree) answered 13 respondents and with 5 (totally agree) answered 8 respondents. In the questionnaire for managers and expert associates on the same statement from 5 respondents, with 1 (completely disagree) answered 0 respondents, with 2 (partially agree) 3 respondents answered, with 3 (agree) 2 respondents answered, with 4 (substantially agree) 0 respondents answered, and with 5 (totally agree) 0 respondents answered. The percentage of these answers is presented in Figure 2.

MANAGEMENT & ENTREPRENEURSHIP AND NEW TECHNOLOGIES

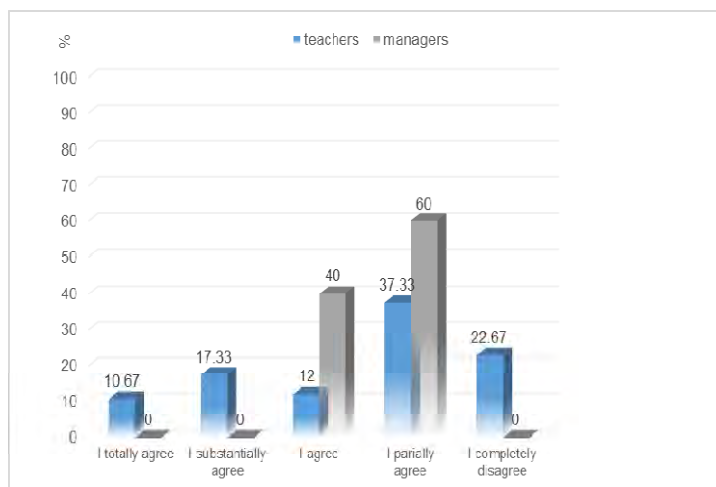


Figure 2. Answers to question no. 7

On the claim: *In your organization, after the performance evaluation, the development needs of each employee are detected*, out of 75 teachers, with 1 (completely disagree) replied 15 respondents, with 2 (partially agree) 33 respondents answered, with 3 (agree) replied 14 respondents, with 4 (substantially agree) answered 10 respondents and with 5 (totally agree) answered 3 respondents. In the questionnaire for managers and expert associates on the same statement from 5 respondents, with 1 (completely disagree) answered 1 respondent, with 2 (partially agree) 2 respondents answered, with 3 (agree) 2 respondents answered, with 4 (substantially agree) 1 respondent answered, and with 5 (totally agree) 1 respondent answered. The percentage of these answers is presented in Figure 3.

MANAGEMENT & ENTREPRENEURSHIP AND NEW TECHNOLOGIES

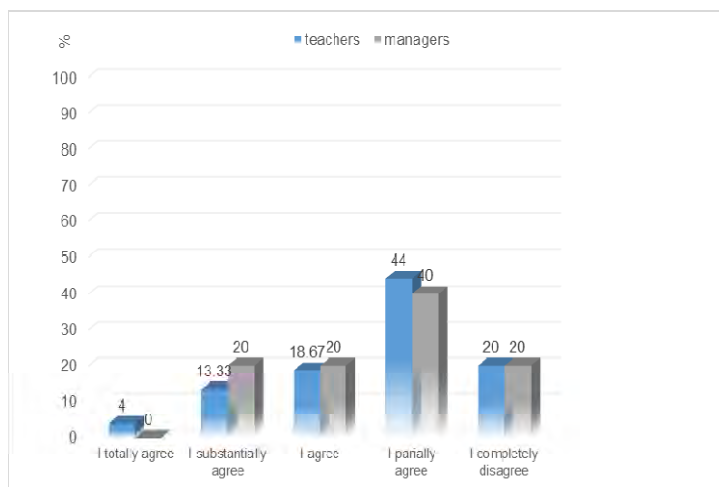


Figure 3. Answers to question no. 8

On the claim: *The trainings you attend affect positively on your creativity and entrepreneurial skills*, out of 75 teachers, with 1 (completely disagree) replied 1 respondents, with 2 (partially agree) 13 respondents answered, with 3 (agree) replied 27 respondents, with 4 (substantially agree) answered 15 respondents and with 5 (totally agree) answered 19 respondents. In the questionnaire for managers and expert associates on the same statement from 5 respondents, with 1 (completely disagree) answered 0 respondents, with 2 (partially agree) 0 respondents answered, with 3 (agree) 1 respondent answered, with 4 (substantially agree) 3 respondents answered, and with 5 (totally agree) 1 respondent answered. The percentage of these answers is presented in Figure 4.

MANAGEMENT & ENTREPRENEURSHIP AND NEW TECHNOLOGIES

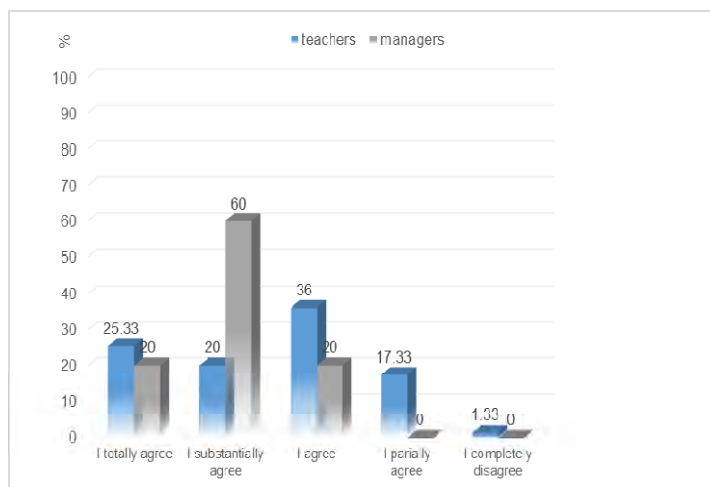


Figure 4. Answers to question no. 12

On the claim: *The opportunity for professional development increases the competitive spirit among the employees*, out of 75 teachers, with 1 (completely disagree) replied 5 respondents, with 2 (partially agree) 10 respondents answered, with 3 (agree) replied 30 respondents, with 4 (substantially agree) answered 17 respondents and with 5 (totally agree) answered 13 respondents. In the questionnaire for managers and expert associates on the same statement from 5 respondents, with 1 (completely disagree) answered 0 respondents, with 2 (partially agree) 2 respondents answered, with 3 (agree) 2 respondents answered, with 4 (substantially agree) 1 respondent answered, and with 5 (totally agree) 0 respondents answered. The percentage of these answers is presented in Figure 5.

MANAGEMENT & ENTREPRENEURSHIP AND NEW TECHNOLOGIES

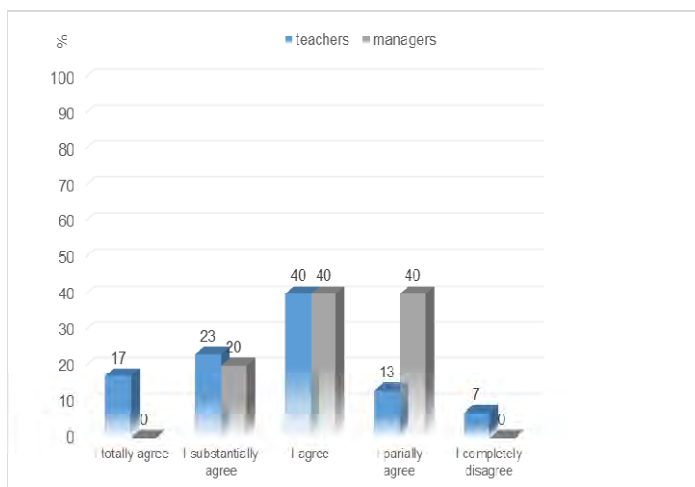


Figure 5. Answers to question no. 20

On the claim: *In your organization, the employees are creative in achieving the learning outcomes*, out of 75 teachers, with 1 (completely disagree) replied 2 respondents, with 2 (partially agree) 25 respondents answered, with 3 (agree) replied 27 respondents, with 4 (substantially agree) answered 12 respondents and with 5 (totally agree) answered 9 respondents. In the questionnaire for managers and expert associates on the same statement from 5 respondents, with 1 (completely disagree) answered 0 respondents, with 2 (partially agree) 1 respondent answered, with 3 (agree) 4 respondents answered, with 4 (substantially agree) 0 respondents answered, and with 5 (totally agree) 0 respondents answered. The percentage of these answers is presented in Figure 6.

MANAGEMENT & ENTREPRENEURSHIP AND NEW TECHNOLOGIES

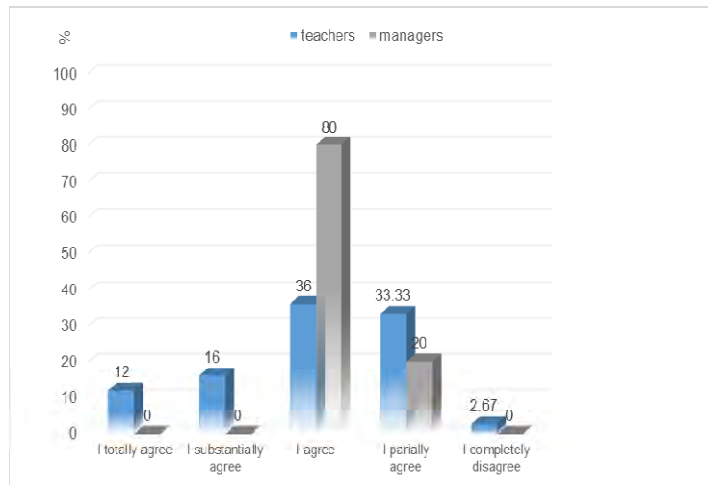


Figure 6. Answers to question no. 22

On the claim: *Employees in your organization have an entrepreneurial mindset*, out of 75 teachers, with 1 (completely disagree) replied 10 respondents, with 2 (partially agree) 21 respondents answered, with 3 (agree) replied 33 respondents, with 4 (substantially agree) answered 5 respondents and with 5 (totally agree) answered 6 respondents. In the questionnaire for managers and expert associates on the same statement from 5 respondents, with 1 (completely disagree) answered 0 respondents, with 2 (partially agree) 4 respondents answered, with 3 (agree) 1 respondent answered, with 4 (substantially agree) 0 respondents answered, and with 5 (totally agree) 0 respondents answered. The percentage of these answers is presented in Figure 7.

MANAGEMENT & ENTREPRENEURSHIP AND NEW TECHNOLOGIES

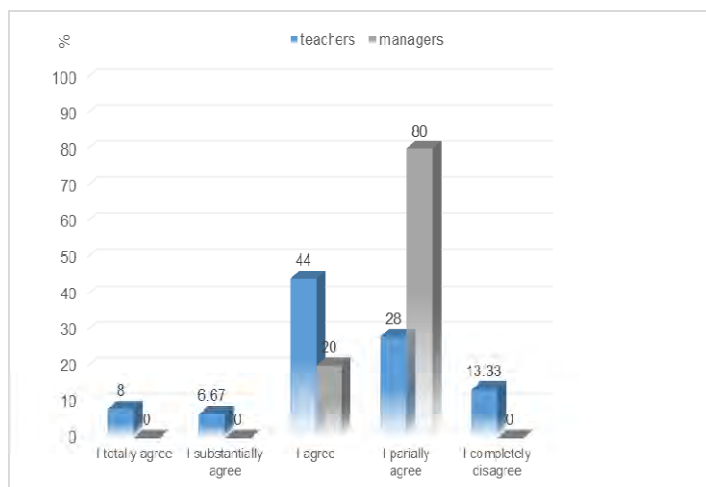


Figure 7. Answers to question no. 25

On the claim: *The application of modern teaching techniques and methods in your organization is a result of employee's innovation and creativity*, out of 75 teachers, with 1 (completely disagree) replied 3 respondents, with 2 (partially agree) 17 respondents answered, with 3 (agree) replied 32 respondents, with 4 (substantially agree) answered 12 respondents and with 5 (totally agree) answered 11 respondents. In the questionnaire for managers and expert associates on the same statement from 5 respondents, with 1 (completely disagree) answered 0 respondents, with 2 (partially agree) 1 respondent answered, with 3 (agree) 2 respondents answered, with 4 (substantially agree) 0 respondents answered, and with 5 (totally agree) 2 respondents answered. The percentage of these answers is presented in Figure 8.

MANAGEMENT & ENTREPRENEURSHIP AND NEW TECHNOLOGIES

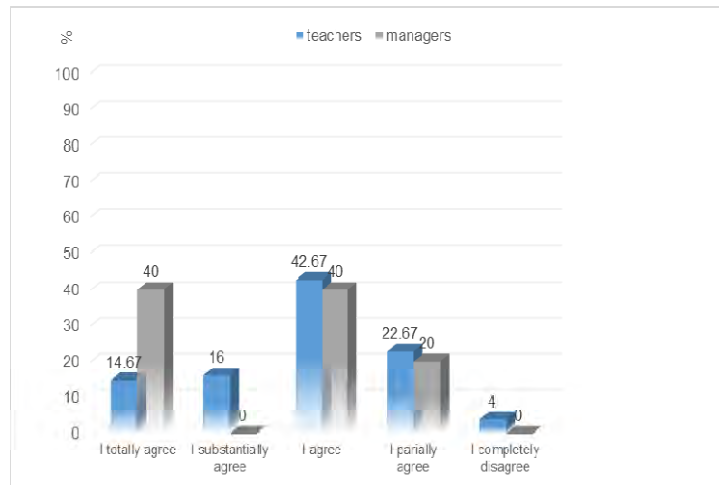


Figure 8. Answers to question no. 2

CONCLUSION

The organization in which the research is conducted does not permanently monitor the affinities of the employees; there is no responsible person, team or department that continuously monitors their potentials and performances, and thus does not detect the needs for their future development and the levels of utilization of their potentials. The employees perform their tasks more efficiently when they are assigned with duties for which they have highest affinity. In this organization, the initiative and the creativity are insufficiently valued, the employees are not encouraged for greater innovation in their work. In the current situation, employees do not have an entrepreneurial mindset, and do not apply new teaching methods and techniques as a result of their innovativeness. However, employees think that teacher's creativity affects the achievement of the learning outcomes.

The survey showed that teachers and managers as well as the professional team generally have the same opinions due to the fact that there are no big differences in their answers.

MANAGEMENT & ENTREPRENEURSHIP AND NEW TECHNOLOGIES

Recommendations that come out from the survey highlight that a management style that supports entrepreneurship should be applied in educational institutions because only then will employees be encouraged to initiate new ideas and to apply new teaching methods and techniques. Also, in these institutions there should be a team, department or a built-in human resources management system that will continuously monitor the potentials of employees and their performances and will evaluate their initiative, creativity, and will take appropriate steps for the development of each employee in the direction of increasing the initiative for entrepreneurship.

The research showed that the employees' potentials are not sufficiently used, that continuous monitoring is necessary as well as proper identification of the employees' potentials that require training and upgrading, which would lead to an increasing entrepreneurial skills of teachers, and thus to a more quality education.

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MANAGEMENT & ENTREPRENEURSHIP AND NEW TECHNOLOGIES

PRIVACY AND DATA PROTECTION IN INTERNET OF THINGS REGARDING THE NEW EU REGULATION

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Aleksandar Risteski

Abstract

The concept of Internet of Things (IoT) is already becoming a reality during the ongoing digital transformation of the society. The enormous number of connected devices that process huge data volumes, allowing communication between people and things, in addition to the variety of benefits for everyday life, also pose serious risks in terms of privacy and personal data protection. This has led to a new regulatory approach for the protection of personal data aimed at extending existing regulations and improving data management practices that will dramatically affect the IoT and how data is collected, stored and protected in the devices. So, when considering the future of the businesses and companies in the spirit of the IoT, the “things” must be taken into consideration regarding the regulation related to the protection of the data at their disposal. The paper briefly presents the concept of IoT. The main focus is on the importance of dealing with privacy and data protection issues in IoT, especially with regard to the preservation of the guaranteed fundamental human rights - the right of privacy and protection of personal data whose processing is essential part of the overall IoT idea.

Keywords: Internet of Things (IoT); Data protection; Privacy; General data protection regulation (GDPR); Profiling.

JEL classification: M10; M20

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MANAGEMENT & ENTREPRENEURSHIP AND NEW TECHNOLOGIES

INTRODUCTION

Historically, wireless and mobile communications technology is a technology that has achieved the greatest social impact for the shortest time possible. One of the revolutionary trends in the wireless technology is the Internet of Things (IoT), which, as a fundamental concept, already alters humanity, and is described by its advocates as the first real evolution of the Internet that can has improved the quality of life.

The idea of such a concept is to enable things that are used in everyday use, which are passive, to become active smart things that will provide simple and smart solutions in the use of everyday things. Thus, the enabled communication among various types of connected (networked) devices and things from different areas of life transcends the usual limits of functioning of the devices and the physical world around us and today it becomes a reality which is impossible to ignore.

The high level of intelligence and automation that penetrates into different areas of life and the main role that the Internet receives on the Internet of things brings a huge number of positive effects, but at the same time the concept has its price due to the exceptional sensitivity in terms of privacy and data protection which are processed. Hence it is clear that this concept should be in line with high moral human principles and core values, whereby the need for revision of existing data protection regulations emerged.

The paper is organized as follows. In Section 2, we briefly describe the IoT concept. Challenges about privacy and data protection in IoT are presented in Section 3. The new EU regulation on data protection (GDPR) and its implication on IoT are presented in Section 4. Section 5 provides more insight on the profiling as the main risk of privacy and data protection, including the general principles of GDPR for managing personal data and specific GDPR rules regarding profiling. Section 6 deals with the data protection in IoT and the implementation of GDPR for profiling in IoT.

MANAGEMENT & ENTREPRENEURSHIP AND NEW TECHNOLOGIES

1. THE CONCEPT OF INTERNET OF THINGS (IOT)

The term Internet of things for the first time in its original form was used by Kevin Ashton in 1999 (Ashton, 2009) and it became a synonym for connecting things over the Internet. By combining its two elements (the Internet and the things), the Internet of things comes to be a global network of interconnected, uniquely identified things that communicate in a standardized way and can be of a different nature, which results in the fact that the range of connected things are huge and are constantly increasing.

But despite the global trend of the Internet of things, there is still no universal definition of this term. According to the International Telecommunication Union (ITU) in Recommendation ITU-T Y.2060 (06/2012), the Internet of Things is defined as a global information society infrastructure that provides access to advanced services through physical and virtual interconnection of things, based on existing and developing interoperable information and communication technologies¹. The most widely viewed IoT represents billions connections that tend to cover all aspects of our lives, vision with technological and societal implications.

It is important to understand that the idea of the Internet of things takes place for a long time and today this concept is no longer a utopian, elusive vision for the future, but becomes a reality that affects and will affect many areas of business and society, while most of the technologies on which this concept is based exist for some time and are already widely used (mobile phones that enable wireless communication, sensors and unique identification systems).

Areas of application of IoT are numerous and diverse, interchanging practically in all areas of everyday life of individuals, businesses and society as one. Some of the areas grouped by

¹Recommendation ITU-T Y.2060. 2012. Overview of the Internet of Things. International Telecommunication Union (ITU). June 15, 2012.

MANAGEMENT & ENTREPRENEURSHIP AND NEW TECHNOLOGIES

objectives are: smart living, smart cities, smart environment, smart industry, smart healthcare, smart energy (smart grid), smart agriculture (Patel and Patel, 2016). By providing simple and smart solutions in the use of everyday devices in these areas, the concept achieves its ultimate goal to facilitate everyday routine and advanced work.

During the initial use of the term Internet of things in 1999, the concept described under this term did not exist in practical application, but over the years, the number of connected devices has increased drastically. In 2003, the number of connected devices amounted to 500 million, while in 2008 this number was estimated at 12.5 billion, making the number of connected devices exceed the number of inhabitants of the Earth, according to Cisco's forecasts presented in Figure 1. It is estimated that by 2020 the IoT will include about 50 billion connected devices via wireless connections, which means that on average each person will have six connected devices, which is more than double the figure in 2015 (Evans, 2011).

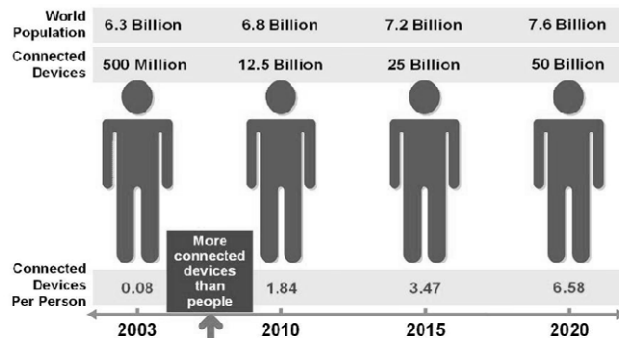


Figure 1. The annual growth of the number of connected devices
Source: (Patel and Patel, 2016)

MANAGEMENT & ENTREPRENEURSHIP AND NEW TECHNOLOGIES

In many different predictions(Camhi, 2015)¹², the number of devices differs in terms of assumptions, but it is certain that the number of devices will be in tens of billions and will continue to increase exponentially in the future. This growth will be significantly supported by the next (fifth) generation of mobile networks (5G), which implementation is expected to start from 2020. 5G's features for high capacity, high bandwidth, high data rates, low latency, spectrum efficiency, device density, reliability and security will enable further development of IoT applications. Such fascinating developments and predictions create a new social picture and lead to an entirely new way of life and functioning, followed by numerous benefits and benefits that make life easier for the users and at the same time opens up numerous questions and challenges.

In order to ensure the full and proper implementation and development of this concept, it is obvious that there is a need for its regulation. Issues related to the legal regulation of the Internet of things are diverse as the areas of application in which they are involved and can be seen at several levels: national, regional and international. At the national level, quality legal regulation of the Internet of things has the potential to influence directly on the positive economic development. On the other hand, given the fact that it is a global phenomenon, regional and international cooperation is obviously inevitable. Key issues related to the regulation of the Internet of Things are issues of governance, standardization and interoperability, trust and security, as well as the most significant issues related to the protection of human rights, the right to privacy and protection of personal data.

¹Camhi, Jonathan. 2015. BI Intelligence Projects 34 billion devices will be connected by 2020. *Business Insider*, November 06, 2015.

²'Internet of things' connected devices to almost triple to over 38 billion units by 2020. *JUNIPER Research*.

MANAGEMENT & ENTREPRENEURSHIP AND NEW TECHNOLOGIES

2. CHALLENGES ABOUT PRIVACY AND DATA PROTECTION IN IOT

The issue of protection of privacy and personal data is one of the key issues of the right of information and communication technologies in general. Like many other revolutionary technologies in history, the popularization and exponential growth of the Internet of things technology are accompanied by strong concerns.

The huge number of "smart" things generate a huge amount of data from every area of life. Considering not only the growing volume of data, the faster flow of information and the possibility of massive use of the concept in all domains of life, but also the sensitive nature of the information circulating, which can be considered as personal data, it is necessary to point out that IoT, as an omnipresent technological phenomenon, despite the numerous benefits, can lead to potentially extremely strong negative and destructive effects on privacy and personal data, or in other words, the intimate sphere of people that can significantly influence and prevent its development and implementation.

The following list of challenges to privacy and data protection within the IoT concept, should be considered regarding the application of the EU's data protection regulatory framework¹:

- Lack of control;
- Information asymmetry;
- Quality of the user's consent;
- Inferences derived from data and repurposing of original processing;
- Intrusive bringing out of behavior patterns and profiling;
- Limitations on the possibility to remain anonymous when using services and
- Security risks: security vs. efficiency.

¹ Opinion 8/2014 on the on Recent Developments on the Internet of Things. Article 29 Data Protection Working Party, 16 September 2014.

3. REFORM OF THE EU DATA PROTECTION RULES – THE NEW GDPR AND ITS IMPLICATION ON IOT

EU, with the Directive 95/46/EC¹, has played a key role in the development of national Member States' personal data protection legislation. But despite this flattening, the Directive 95/46/EC left to the states great freedom in its implementation. In the newly created reality that is characterized by the processing of far greater volume of data, the challenges of protecting privacy and data protection and the need for a new balance between the advantages and the dangers arising in the processing of personal data have emerged. As a result, the new General Data Protection Regulation (GDPR)² was adopted as the only law that represents a significant change. The process of adopting the new GDPR as a uniform law on data protection started in 2012 when the European Commission published the legislative proposal, followed by separate negotiations within the Council and European parliament. In spring 2014, European parliament reaches an agreement, which led to negotiations and approval from the three institutions. The new regulation was published on 27.04.2016, leaving two-year implementation phase. It applies from 25.05.2018.

The new regulation dramatically affects the Internet of things and how data is collected and protected in devices. Because the things in the concept require the processing of a huge number of personal data and have the potential for data that make the individual recognizable, means that they are directly affected by GDPR. Thus, companies that use these technologies, which work or envision entering the IoT sphere, need to be aware of the

¹ Directive 95/46/EC of the European Parliament and of the Council of 24 October 1995 on the protection of individuals with regard to the processing of personal data and on the free movement of such data, Official Journal L 281, 23/11/1995 P. 0031 - 0050.

² European Parliament and Council of the European Union, Regulation (EU) 2016/679, Regulation on the protection of natural persons with regard to the processing of personal data and on the free movement of such data, and repealing Directive 95/46/EC (Data Protection Directive), Journal reference L119, 4 May 2016, p. 1-88. - General Data Protection Regulation - GDPR.

MANAGEMENT & ENTREPRENEURSHIP AND NEW TECHNOLOGIES

changes in the data protection framework in the EU that can have a significant impact on their business model and the design of their products, processes and devices. Violations of GDPR entail much higher fines than the previous legal framework, which should be a sharp incentive for businesses to pay attention to their compliance strategies.

4. PROFILING - THE MAIN RISK OF PRIVACY AND DATA PROTECTION IN IOT AND APPLICATION OF THE GDPR ON THIS FORM OF PERSONAL DATA PROCESSING

Profiling is identified as one of six major risks for data protection in the ecosystem of IoT¹. The connection of things with the Internet enables companies to easily collect and combine data generated by these devices to create detailed profiles of the device owners ("profiling"). The data from IoT devices is with high quantity, quality and sensitivity, which means that the profiles that can be constructed from the data generated by the devices are much more detailed and more sensitive, and the identification of individuals is more likely. Seemingly insignificant sensor data combined and analyzed results in "rich" user profiles and thus "everything can reveal everything". According to the GDPR, profiling is a form of processing (creating profiles and application profiles) for which the data subject should be informed as to the creation and the consequences of the application of such profiles.

The data for the objects in IoT can be regarded as personal data (data items may indirectly relate to individuals). The information collected in the system becomes personal information if the identity can be correlated with the activity. Profiling based on this data will fall within the territorial scope of the application of GDPR in the cases of:

- **Territorial application** - when the controller and processor have a business unit, an entity in the territory of the EU and

¹Opinion 8/2014 on the on Recent Developments on the Internet of Things. Article 29 Data Protection Working Party, 16 September 2014.

MANAGEMENT & ENTREPRENEURSHIP AND NEW TECHNOLOGIES

- **Extraterritorial application** - includes controllers and processors from non-EU countries that offer goods or services or monitor citizens, data subjects from the EU.

The assessment whether GDPR applies to an organization can be performed following the diagram described in Figure 2.

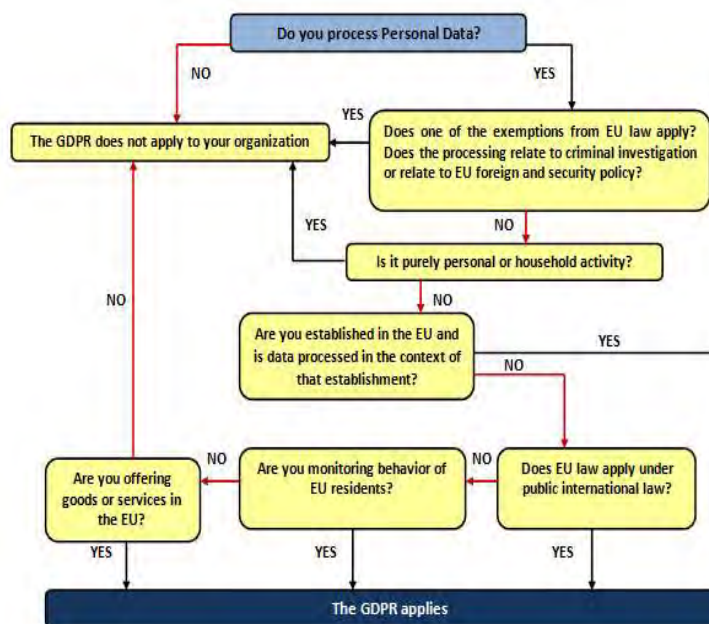


Figure 2. Assessment diagram for GDPR implementation in an organization
Source: Data retrieved from General Data Protection Regulation

MANAGEMENT & ENTREPRENEURSHIP AND NEW TECHNOLOGIES

4.1. GENERAL PRINCIPLES OF GDPR FOR MANAGING PERSONAL DATA

GDPR contains specific provisions for profiling, but profiling is also subject of the general principles, for the processing of personal data of the Regulation as follows:

- **Lawfulness** (processing of personal data on the basis of a given consent from the appropriate data subject or on another legitimate basis), **fairness** and **transparency** (Data subjects should be aware that their data is collected and the profiling information to be given at the time of data collection);
- **Purpose limitation** (requires controllers to specify the purposes for which they intend to profile the data subject prior to or not later than the time of collecting personal data);
- **Data minimization** (personal data must be "limited to what is necessary" to the purpose for which it is processed. Personal data should be processed only if the purpose of the processing cannot be sufficiently achieved by other means);
- **Accuracy and limitation of storage or data quality principle** (They should take all reasonable measures to ensure that incorrect personal data is corrected or deleted. The data subject can request and receive the right to correct personal data related to him which are incorrect, from the controller);
- **Integrity and reliability or the principle of security guarantees** (this principle is elaborated with the obligations of personal data security for the controller and processor and requires the prevention of unauthorized access to personal data and equipment for processing them or preventing their use) and
- **Accountability** (the principle requires controllers to adopt measures and to show that these measures ensure compliance. Responsibility/accountability requires the implementation of data protection policies, previously called "privacy policy", and that adherence to approved codes of

MANAGEMENT & ENTREPRENEURSHIP AND NEW TECHNOLOGIES

conduct or approved certification mechanisms may be used as an element to demonstrate compliance with the obligations of the controller. Controllers in the Internet of things will need to adopt technical and organizational measures to ensure that profiling is in line with the Regulation and be able to prove such compliance. Through the principle of technical and standard data protection in the Regulation, companies that produce hardware and software for consumers of IoT devices will be increasingly involved in ensuring compliance with minimizing data and limiting the objectives).

Minimization of data, i.e. the reduction of data to a minimum, data quality (accuracy and limit storage) and security principles (integrity and confidentiality) are mutually strongly linked and related to the principles of technical and standard data protection and the required impact assessments of data protection.

4.2. SPECIFIC GDPR RULES REGARDING PROFILING

An important novelty in GDPR, is the explicit and clear setting of profiling. The principle of transparency in the Regulation has been developed into a set of rights for information and access of the data subject, with specific elements in relation to profiling. In addition, the right to an objection and the right not to be subject to automated decision-making are also aimed at profiling.

- **Rights of information and access regarding profiling** (In practice, the right to inform the data subject is an obligation to inform on the controller. The right of access is intended to enable the individual to be aware of and to verify the legality of the processing, that is, be informed about the processing and to verify the legality. Controllers that collect and process personal information over the Internet inform the consumer of a privacy policy online, but in the privacy policy of the Internet of things this is impractical because of the huge number of devices that constantly need updating);
- **Right to object against profiling** (does not exist in case of consent or contract) and

MANAGEMENT & ENTREPRENEURSHIP AND NEW TECHNOLOGIES

- **Right not to be subject to decisions based on profiling**
(The data subject should have the right not to be the subject of a decision which may include a measure for the assessment of personal aspects related to him exclusively on the basis of automatic processing and which cause legal consequences for him or similar significant influences).

5. DATA PROTECTION IN IOT AND IMPLEMENTATION OF GDPR FOR PROFILING IN IOT

The most comprehensive theory of data protection admits that data protection is about individual control over personal data, as well as about risk regulation and fair processing. In fact, the GDPR reflects all three elements (GDPR contains new rules to improve the ability of individuals to control their data - individual control, introduces a risk-based approach to data protection, that is, obliges the controllers to take into account the risks of varying likelihood and seriousness for the rights and freedoms of individuals in implementing harmonization measures, data protection after technical access and security measures, and requiring personal data to be processed fairly and transparently). In the context of data protection in the Internet of things, the most important should be the principle of equal treatment which imposes obligations on the parties responsible for data processing. The main reason is that the individual control of personal data is practically impossible in the Internet of things because of the characteristics of this technology.

The scope of the Regulation is wide and encompasses profiling European consumers on the Internet of things, whether they are done by EU-based controllers or data controllers that are not established in the EU. The general principles of the Regulation will apply to profiling in the Internet on things. These principles branch into a number of obligations for controllers and rights of data subjects and the general impression is that data protection with Regulation truly becomes the basis and method for regulating very specific things.

In addition to the general principles, the Regulation deals with the profiling on the Internet of things through special provisions

MANAGEMENT & ENTREPRENEURSHIP AND NEW TECHNOLOGIES

that grant certain rights to data subjects. They are all linked to the more general principles and rights in the Regulation. Therefore, the conclusion is that the GDPR should be applied to profiling in the Internet of things (Ivanovska, 2018). In order to be in accordance with GDPR, IoT companies are recommended to consider the following steps towards personal data protection¹:

- **Minimize.** Collect only what you need. Store minimum data. Periodically review and erase. Embed in IoT system design.
- **Pseudonymize.** Separate personal data from the rest, and replace with an identifier (pseudonym). Invest in the back-end services.
- **Be transparent.** Explain your processing purpose and consequences. Provide a visual interface for your system.
- **Authorize access.** Ensure that personal data cannot be accessed unless permitted by purpose and user preferences. Authorize at the device and the backend.
- **Get consent.** Needs to be freely given, specific, informed and unambiguous. Support smart consent.
- **Monitor.** Continuously check the health of data collection processes. Implement device and system monitoring.
- **Give customers control.** Support right to be forgotten, right to stop processing and data portability. Provide customer data management dashboards.

CONCLUSION

This paper elaborates the concept of the Internet of things, its beginnings, its definition and development, as well as the expectations for a great contribution in many areas that put the concept in the focus of the research community, industry and regulation today, as well as the meaning and application of the new regulation - GDPR that affects the way in which data is collected, stored and protected in IoT devices.

¹ Privacy guidelines for IoT - What you need to know [info graphic]. NOMINET, November 09, 2016.

MANAGEMENT & ENTREPRENEURSHIP AND NEW TECHNOLOGIES

From the very essence of the IoT concept, it can be concluded that the exploitation of user's personal data is an inevitable segment of the entire IoT concept, from its occurrence to the present. The majority of users in most cases do not pay any attention or are affected by the implications that may arise from their compliance IoT technology collects, processes and stores their personal data until a certain global problem arises where the largest number of users will pay attention regardless of whether their personal data is misused and whether in the particular case they are victims. Hence we can conclude that the user's awareness of where they give and what happens to their personal data at the global level is very low, so it is obvious that the world has already entered a technological era in which there is a need to have stricter rules in the form of regulations that, of course, existed in the form of directives, which left room for national legislations to implement the rules for the protection of personal data in their own way, and the processors and controllers of personal data found space as same to circumvent or minimize its impact.

With the entry into force of GDPR, users may be less concerned about whether the enjoyment of the IoT benefits would be profiling victims and their personal data would have been inadequately collected, processed and stored. Obviously, the level of awareness of personal data of users, processors and controllers with the help of GDPR reaches the rightful place in the IoT ecosystem and facilitates the safe integration of users.

The imposed stricter rules precisely and cautiously regulated by GDPR impose on the controllers and data processors of the users in the future to be more careful and seriously perceive the vulnerability of personal data to users who through the use of IoT devices in a wide variety of ways can be seriously endangered.

Only in this way IoT would develop in the right direction and will be widely accepted by the users, which is essential to ensure them that using IoT devices in everyday use through exposing their everyday obligations and personal characteristics of their privacy and surely the sensitive data relating to them and their families would not be endangered. As for everything, there are no legal

MANAGEMENT & ENTREPRENEURSHIP AND NEW TECHNOLOGIES

solutions for the Internet, which would satisfy all the parties involved.

It is never too late to start with the implementation of privacy and data protection regulation. Most of the global scandals concerning the misuse of personal data could be avoided if the regulators soon pay attention to the serious problem that has been created for more than two decades ago as a result of the user's low awareness and not so strict and up-to-date regulations.

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MARKETING & INTEGRATED MARKETING COMMUNICATIONS

APPLICATION OF INTEGRATED MARKETING COMMUNICATIONS IN CREATING COMPETITIVE ADVANTAGE OF THE HIGHER EDUCATION INSTITUTIONS

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Vera Boshkovska
Dragan Petrovski

Abstract

This paper is an action research conducted in order to prove the connection between the integrated marketing communications and the achievement of competitive advantage.

The concept of integrated marketing communications in particular highlights the importance of communication with customers, thus insisting that institutions should coordinate all their messages addressed to particular market segments. The one-way marketing communication is outdated and traditional marketing techniques are replaced by modern two way communication techniques targeting specific client groups. The main task of organization's marketing is to be located where its clients are.

The research is based on a case study, and the results can be used by all stakeholders in higher education who are interested in improving their competitive advantage, but can also be useful for the scientific public engaged in researches related to the key hypothesis variables.

Keywords: Integrated marketing communications, competitive advantage, clients, higher education institutions

JEL classification: M31

INTRODUCTION

In modern companies with the growing importance of marketing, the importance of marketing communications is growing alongside. Such development is conditioned by a series of changes that occur in the wider and nearer surrounding of business entities.

A modern company communicates with a wide range of individuals, groups, organizations and institutions. The public,

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MARKETING & INTEGRATED MARKETING COMMUNICATIONS

whose attitude may influence the fate of the company, is made up of consumers, employees, their families, owners and shareholders, journalists, representatives of the government and other interesting groups (Solomon 2010). These groups are called "stakeholders" of the company.

Adjusting of communications with stakeholders through various media and the use of communication tools is an integrated marketing communication.

The concept of integrated marketing communications in particular highlights the importance of communication with consumers, thus insisting the company to coordinate all messages addressed to individual segments of the public in order to obtain a consistent message from the potential and persistent consumers (Clow and Donald 2010).

The basic features of the integrated marketing communications are (Koushiki 2015):

- impact on consumer behavior
- the starting point is the consumers to create their own credibility
- using one or several forms of communication
- building long-term relations.

1. INTEGRATED MARKETING COMMUNICATIONS

The development of the effective communications involves several successive steps (Giannini 2010):

- Identifying the target audience
- Setting the objectives of communication
- Design of communication – creating a message
- Choice of communication channel
- Determining the total communication budget
- Choice of communication mix
- Measuring the results of communication
- Management of integrated marketing communications

MARKETING & INTEGRATED MARKETING COMMUNICATIONS

The communication process must begin with a clearly defined target audience that has a critical impact on the decisions of the communicators about what, how, where and to whom to be said. People or organizations that are targeted for promotional efforts can be divided into different categories: consumers, consumer groups, government, employees, competitors, and the public (Coviello, Winklhofer, and Hamilton 2006). The communication is carried out between the organization and all specified parts of the auditorium, and not only with the final consumers. In addition, communication with each member can be different, because they have different goals, knowledge and needs. Within each category of audience, the organization should identify and influence the leader - the person who influences the decisions of the other people.

Once the target market and its perceptions are identified, the marketing communicator must decide on the desired response from the audience, that is, he may be striving for the response or behavior of the auditorium in the form of: knowledge, emotions or behavior (Solomon 2010). The marketing expert wants to introduce certain knowledge in the consumers' awareness, change their attitude or encourage consumers to action.

Once the desired response is defined, the communicator switches to the development of the effective message. The message should capture attention, keep interest, cause desire and encourage action. When creating the message, four questions need to be answered: what to say (the content of the message), how to say logically (message structure), how to symbolically say (the shape of the message), and who should say (source of the message).

The communicator should also select effective channels of communication to convey the message. There are two types of channels of communication: personal and mass. Personal communication channels include two or more individuals who interact directly, face to face, by telephone or e-mail. Personal channels are effective on the basis of the possibility of individual presentation and feedback. Personal channels are particularly important in two situations where the product is expensive, risky or rarely purchased, and when the product proposes something about

MARKETING & INTEGRATED MARKETING COMMUNICATIONS

status or taste. Then buyers will consult and will require additional information in order to avoid mistakes. Mass communication channels encompass the media, the atmosphere (shaped environment that creates or strengthens the buyer's inclination) and the events (press conferences, ceremonial openings, sports sponsorships)

One of the most difficult marketing decisions is how much to set aside for promotion (Papazolomou and Yioula 2012). Common methods of deciding on the overall budget of marketing communication are: arbitrary method, method of percentage of sales, method of parity of competition and method of goals and objectives.

After applying the promotion plan, the communicator must analyze his influence on the target audience. The members of the auditorium are asked if they recognize or remember the message, how many times they have seen it, which details they remember, what they feel about the message, and what their previous and current attitudes towards the product and the company are. The communicator needs to collect information about the audience's reactions on the basis of behavioral standards such as - how many people bought the product, whether they like the product and whether they talked to others about the product.

2. FACTORS INFLUENCING THE CHOICE OF THE COMMUNICATION MIX

Numerous factors can serve as a guide in choosing the communication mix of which the most important are (Clow and Donald 2010):

- Available funds
- Product characteristics
- Characteristics of target markets
- Existing relationships with members of distribution channels
- Phase in the life cycle of products
- The company's policy

MARKETING & INTEGRATED MARKETING COMMUNICATIONS

- Degree of globalization

Available funds, in particular, the budget of the company directly influences the decision-making on the communication mix. Small companies with small budgets are often unable to use some forms of promotion that are more expensive than the others.

On the other hand, the characteristics of the products also influence the decision-making on the communication mix. Personal sales tend to dominate when products (Descotes and Delassus 2015):

- Have a high unit price
- Significant technical characteristic
- Need to demonstrate them
- Must be adopted to the specific requirements of consumers Phase in the life cycle of products
- It is durable and is not bought frequently.

Characteristics of the target markets, magnitude and geographic dispersion on the market also influence the choice of the communication mix. If the market is large and widely dispersed then advertising would be the most effective way to reach the audience.

Relationships with the members of the distribution channels, when the manufacturer has strong personal relationships with other members of the distribution channels, personal sales are the dominant form in the communication mix (Pozzi 2012).

The phase of the product's life cycle throughout the lifetime of the product, changes the goals and the effectiveness of the communication mix.

The company's policy, the relationship of the management, long-term values and tradition has an impact on the application of a particular approach that could have an impact on the planning of the communication mix.

The degree of globalization should also be considered when choosing the communication mix. Companies face new challenges in planning the communication mix when they go beyond national borders. Due to the different surroundings and cultural differences,

MARKETING & INTEGRATED MARKETING COMMUNICATIONS

there is no single universal approach that applies to all companies(Susskind et al. 2000).

3. MANAGING THE PROCESS OF INTEGRATED MARKETING COMMUNICATIONS

Communication is an inseparable part of the marketing strategy and it is designed to create the desired image and develop the perception among consumers(Clou and Donald 2010). Communication motivates, informs, suggests, warns, changes behavior and establishes better relationships, so that interaction is meaningful and understandable. Communication is effective when the communicator is efficient enough to communicate competently, clearly, honestly, and dynamically.

The consumer is placed in the focus of the integrated marketing communications and it is the starting point in creating communication strategy(Solomon 2010).Therefore it is insisted on getting to know the ways in which the consumer receives and processes the information. The modern consumer is overcrowded with numerous information coming from different sources and due to the limited acceptance of all the information, the consumer will notice only those who are important and interesting enough to attract his attention(Malthouse et al. 2004).

The concept of integrated marketing communications does not suggest an inside-out approach that dominates the concept of the promotional mix and the company has thought about what it wants to say and how to transfer it to consumers, but it is replaced by an outside-in approach where emphasis is on the wishes of the recipients of the messages. In addition, the concept of integrated marketing communication encompasses a goal-oriented strategy, which is based on familiarizing the characteristics of the recipients of messages and forming databases(Descotes and Delassus 2015). For this purpose, it is insisted on the establishment and maintenance of two-way communication.

A small number of companies are able to provide integrated marketing communication. The biggest barrier to the successful integration of all forms of marketing communication is the budget.

MARKETING & INTEGRATED MARKETING COMMUNICATIONS

In most companies, the communication budget is determined on the basis of past experience, not on the basis of the changed environment and the goals to be achieved.

However, if a company wants to be among the first in the market and always at the top, it has to work well on its marketing strategy and the tools it will use. Instead of using a single marketing communication tool to promote specific products or services, integrated marketing communications mean using a variety of marketing tools.

4. USE OF INTEGRATED MARKETING STRATEGIES FOR THE PROMOTION OF HIGHER EDUCATION INSTITUTIONS IN THE REPUBLIC OF MACEDONIA

During their development, higher education institutions have been a generator of the development of society, a source of new ideas and a catalyst for social change. The marketing approach in higher education contributes not only to the achievement of the objectives of the higher education institution and the goals of its beneficiaries - students, but also to the broader social goals. This orientation implies a pursuit of quality in every segment of the work of the faculty, since the educational services market is diversified and offers a wide range of educational institutions, programs and educational forms, among which the future user of the educational service - the student, selects those which according to the characteristics suits him the most (Schultz and Patti 2009).

Educational service is a planned organized activity of a higher education institution aimed at meeting certain educational needs of individuals, groups and society (Meyer, Gremler, and Hogreve 2014). The product, that is, the service is the basic element of the marketing mix and the main instrument that satisfies the user's needs. Since educational services are "indispensable", so the potential user can not "test" them prior to making a decision to study, a single decision can be made by the image of the higher education institution (Lewes 2010).

The role, place and significance of the promotion in the marketing of the organization is reflected in the fact that the bidder

MARKETING & INTEGRATED MARKETING COMMUNICATIONS

in various ways informs consumers about the services that it offers. The promotion implies that the faculty possesses information about the users of the educational service, that is, it is familiar with the needs, expectations and wishes of the users(Shultz and Patti 2009).

The higher education institution establishes communication with the users of educational services by applying various means of mass communication (from auditory, visual, audiovisual and graphic type) and through various forms (advertisements, informers, newsletters, website, slogan, logo, promotional events). One of the forms of faculty promotion is the cooperation (national and international) with the relevant organizations and universities(Pozzi 2012).

Teaching staff and graduates with their professionalism and work also contribute to the promotion of the higher education institution. Apart from the quality of the educational service, the location of the faculty may be significant in the competitive struggle. Depending on the development of a faculty strategy, technology development can be a chance or a threat(Lewes 2010).

In order for a private university to compete with free education, marketing plays a big role – if it is understood not only as a promotion, advertising, but as a good product, a good educational service. This means offering quality lectures by prominent professors, providing good textbooks, literature, using classical communication media, as well as web pages that are constantly updated. On the other hand, the location of the universities is important as well as the price to cover costs and provide profit(Pozzi 2012).

Parents also play a key role when choosing a faculty. Among the factors for choosing a higher education institution are the factors that largely depend on them: tuition (the cost of studying) and the location of the faculty (the parents usually choose the faculties closer to their place of residence)(Clow and Donald 2010).

The majority of the private universities in the Republic of Macedonia recognize the importance (in the part of PR) of the institution to implement internal standardization through a code of conduct and a dress code, which is why they have implemented

MARKETING & INTEGRATED MARKETING COMMUNICATIONS

their own dress code and the buildings owned by the higher education institution have a standardized look(Ries and Ries 2004).

Some of them communicate with the media continuously, throughout the year, using various forms and tools for media presentation.

The full implementation of integrated marketing strategies for some of the universities is a distant future(Mikolon et al. 2015).The reasons for this are numerous. One reason is the inadequate allocation of funds using marketing communication mix tools, inadequate combination and application, and the reason for failure may be the overtaking of marketing communications by marketing agencies, but which are also closely oriented to one promotional activity(Papasolomou and Yioula 2012). This leads to a problem in the harmonization of all communication activities at the university and the achievement of synergy(Ries and Ries 2004).

The success of an institution will be guaranteed if it makes an appropriate combination of all the tools of the marketing communication mix at a given moment with the target group.

5. RESEARCH

In order to perceive the application of integrated marketing communications in the function of creating competitive advantage, a case study was used. Research was carried out at the higher education institution "University of Tourism and Management in Skopje". The survey was conducted using two questionnaires. The questionnaires were of closed type, and the employees and students at this institution were interviewed. The questionnaires contained 44 complementary questions adapted for each target group. The survey was conducted on a representative sample of 268 respondents, out of which 44 employees and 224 students.

From the conducted survey, only a part of the questions, crucial for this research, are abstracted.

On the question posed to managers and employees, the University applies effective promotional marketing strategies, the following results were obtained:

MARKETING & INTEGRATED MARKETING COMMUNICATIONS

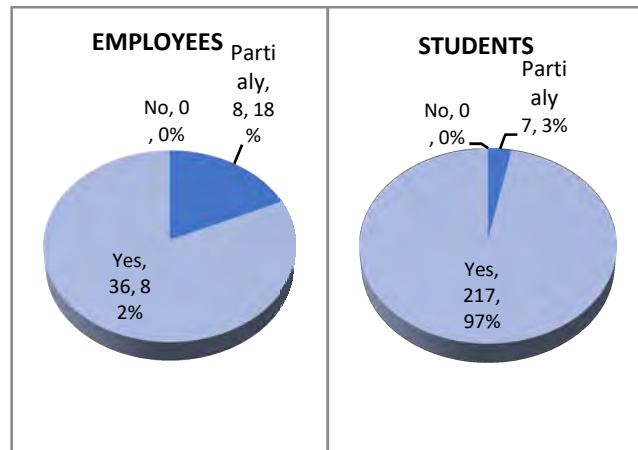


Figure 1.Application of effective marketing strategies

According to the graph, 82% of the employees answered affirmatively that the University applies effective marketing which is confirmed by 97% of the students, which means that this institution is a good example of applying integrated marketing communications.

On the question posed to managers and employees, if the University website contains all the necessary information for informing the clients, the following results have been obtained:

MARKETING & INTEGRATED MARKETING COMMUNICATIONS

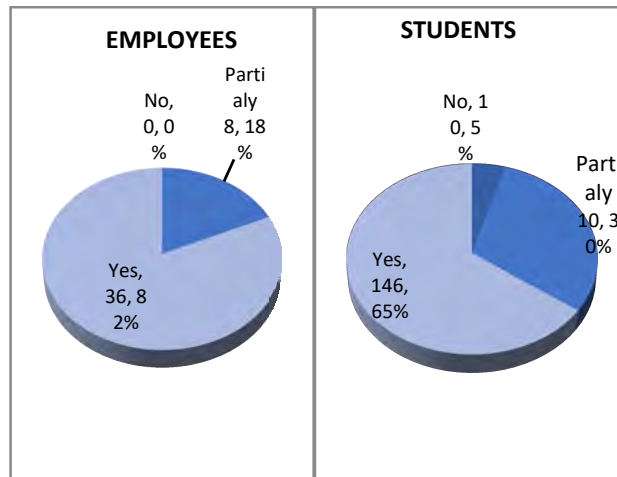


Figure 2.A web site with required customer information

According to the chart, it is noted that 82% of the employees answered that the website of the University contains the necessary information, and 65% of the students answered affirmatively, but 10% of the respondents responded with “partially”, and 5% of them answered with “no”. This shows that the institution pays attention to the website, which is indicated by the high percentage of confirmed answers, but there is still room for further improvement of the visibility of the same, so that other students can also be satisfied.

On the question posed to managers and employees, if the University is promoted through the print media, the following results have been obtained

MARKETING & INTEGRATED MARKETING COMMUNICATIONS

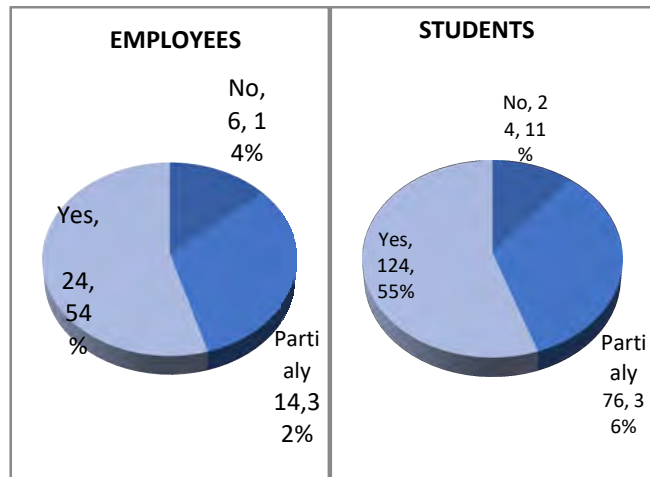


Figure 3. Promoting UTMS through print media

According to the graph, it is noted that 54% of employees answered affirmatively to the question that the University is promoted through printed media, and 55% of the students answered affirmatively. This means that the institution takes into account the importance of printed media for establishing communication with the target group. The institution does not rely solely on these media, but combines them with digital ones so that maximum effect can be achieved.

On the question posed to managers and employees, if the immediate commission for promotion in the institutions with the representatives of the promotional activities is extremely important, the following results have been obtained:

MARKETING & INTEGRATED MARKETING COMMUNICATIONS

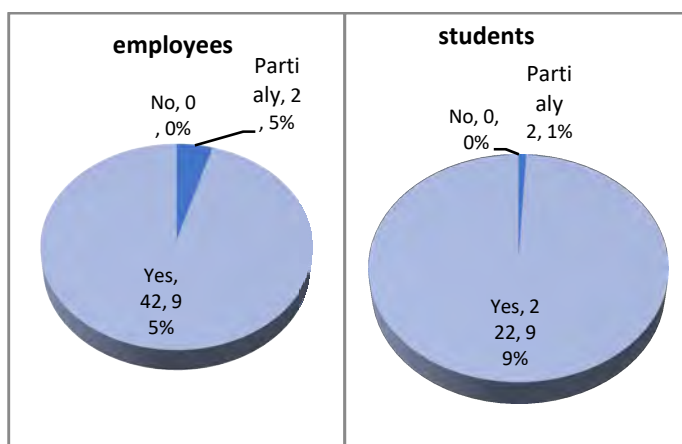


Figure 4. Immediate communication

According to the graph, it is noted that 95% of employees point to the fact that direct communication is an important success of the institution and satisfaction of the client, and this fact is confirmed with 99% an affirmative answer from students as respondents. The institution is an example of establishing immediate communication as an element of the marketing communication mix. The employees in the institution are competent and kind, which is one of the important conditions for achieving the competitive advantage of the institution.

On the question posed to managers and employees, if University Diplomas are recognizable abroad, the following results have been obtained:

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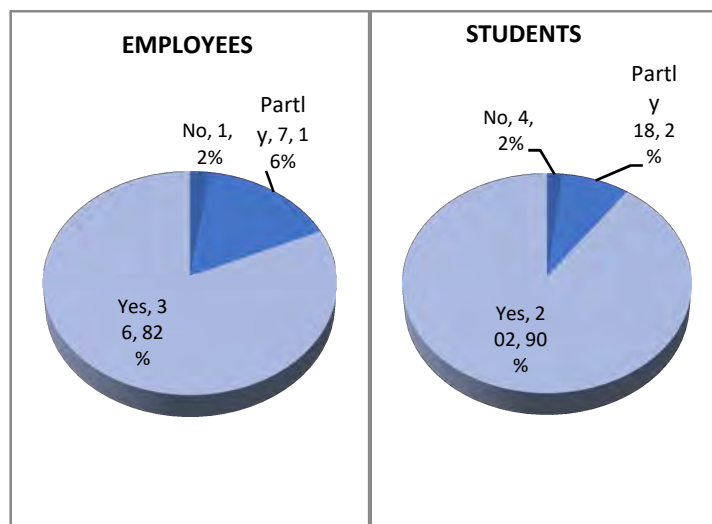


Figure 5.Recognition of the diplomas abroad

According to the graph, it is noted that 82% of the employees and 90% of the students responded affirmatively to the recognition of the diplomas abroad, which points to the fact that this institution has built an image in the country and abroad as a result of quality, unique methodology and application of integrated marketing communications to customers.

Based on the research it can be concluded that the institution is well represented, it has a positive image in the media and it is a socially responsible institution which can be seen from the numerous awards it has received.. The institution also offers a number of promotions, which is another additional fact for its success.

Based on the data, the situation with the integrated marketing communications of the institution that was the subject of this research can be presented in the following table:

MARKETING & INTEGRATED MARKETING COMMUNICATIONS

Table 1: Integrated Marketing Communications at the University of Tourism and Management in Skopje

Advertising	Promoting sales	Public relations	Personal sales	Direct marketing
Printed advertisements	Competitions (ex. State championships of bartenders)	Printed materials	Fairs – domestic, abroad	Leaflets
Radio				
TV video	Fairs – domestic, abroad	Seminars	Meetings	Tele-marketing
Symbols and logos	Web page	Annual reports		Social networks
Posters	Projects	Self-evaluation		Twitter
Bilboards	Visiting lecturers	Sponsorship		Organizing educational events
Audio visual materials	Students' practice	Publications		Organizing social events
Web page	Conferences	Community Relations		Organizing promotional events
Advertising materials	Awards	Media presentation		
Social networks	Partner - institutions	Web page		
	Publications of the University	Magazines, newsletters		
	Presentation in the high schools	Events		
		Projects		
		Conferences		
		Speeches		

5. RESULTS OF THE RESEARCH

According to the results obtained from the research it can be concluded that:

- If the institution (university) permanently communicates the brand then it will permanently maintain the competitive advantage,
- If the institution (university) applies an adaptation strategy then it will permanently maintain the competitive advantage, it will be fully confirmed and proven.

MARKETING & INTEGRATED MARKETING COMMUNICATIONS

CONCLUSION

Integrated marketing strategies aim to build strong relationships with consumers. Communication with the consumers will be as good as quality, and the sent message is clear and effective, if the marketing tools are integrated into an integrated marketing strategy. The stronger consistency of the messages and the stronger impact of messages increase the organization's ability to reach the right customers with a real message, at the right time and in the right place.

The use of integrated marketing strategies with the help of modern technology creates a need in such a way that the image becomes a desire and a need for the consumer, and additionally a need for reality. Regardless of which communication forms and media it is, integrated marketing strategies ensure their complementarity by ensuring synergy performance, achieving a unique image of the product and organization that drives consumers into action.

The application of integrated marketing strategies, on the one hand, is an adaptation to changes in the environment, especially in terms of consumers, new technologies and the media. The biggest changes occurred in the consumer segment in terms of demographic change, lifestyle and use of new electronic media as a means of communication, as well as new ways and forms of purchase.

In order to achieve the maximum in achieving the communication and sales goals of a product / service, is brand as well as optimally matching all elements of the marketing mix, it is necessary to align the promotional tools, which will be selected depending on the available funds or marketing budget.

The choice and application of integrated marketing communications to achieve competitive advantage on the market is a continuous challenge for each institution. The success or failure of any promotional activity or campaign depends on a series of predictable and unpredictable factors that are often very difficult or even impossible to control at a given moment.

MARKETING & INTEGRATED MARKETING COMMUNICATIONS

The research set in this paper was intended to prove the conditionality of the competitive advantage of the effective marketing strategies that it applies.

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MARKETING & INTEGRATED MARKETING COMMUNICATIONS

THE CONCEPT OF GAMIFICATION IN MARKETING

Ljupka Naumovska¹
Mila Georgievska Cvetanovska

Abstract

In the last couple of years, gamification and persuasive technologies have been strongly attached for purposes of marketing, attitude change, and motivational attraction. This phenomenon has been especially widespread in the context of social networking and games, along with other mobile and web applications, which have gained a substantial role in the lives of millions of people, around the world. Hence, the marketing industry is rapidly dominated with gamification, taking the advantage of predictable customers behavior in gamified circumstances.

This paper, observes the marketing attachment with gamification, with special focus on social factors related to interacting effects, social influence, recognition, and reciprocal benefits that can predict attitude and behavior of customers toward gamified marketing activities, intentions for repetitive buying, and intentions to recommend it to others.

Keywords: Gamification, Effectiveness, Engagement, Marketing, Communication.

JEL classification: M30

1. WHAT IS GAMIFICATION?

Deterding et al (2011), provided a working definition of gamification as “the use of game design elements in non-game contexts”. Gamification is a concept that involves use of game designs in regular task and problems for solutions. The user(s) get self-motivated and engaged, enhancing the expectations of the outcome, as their desired reward or achievement. In the last couple of years, gamification and persuasive technologies have been related to the concept of marketing, attitude change, and motivational attraction. This phenomenon has been especially

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MARKETING & INTEGRATED MARKETING COMMUNICATIONS

extended in the context of social networking and games. (Hamari and Järvinen, 2011), along with other mobile and web applications (Fogg, 2003), which have gained a significant role in the lives of millions of people, around the world. The user of the gamified model can be stakeholder from within organization, a consumer of product service, individual or a group.

Another precise definition of gamification is given by Christopher Swan (2012) in his talk declaring gamification as a process of adding game mechanics to process, programs and platforms that wouldn't traditionally use such concepts. Hence, Incentives or rewards whether intrinsic and extrinsic, for the players, are critical elements of any gamified design.

The game mechanics (design elements) involves offer of rewards and recognitions, challenges, generally in the form of points, leaderboards, goods, offerings etc. These game elements are used to motivate users of game for accomplishment of task by recognizing & rewarding his or her efforts. They also offer appropriate feedback at right time during engagement.

In this paper, the marketing attachment with gamification is observed, with special focus on social factors related to interacting effects, social influence, recognition, and reciprocal benefits that can predict attitude and behavior of customers toward gamified marketing activates, intentions for repetitive buying, and intentions to recommend it to others.

1.1 PSYCHOLOGY OF GAMIFICATION – INTRODUCING THE PROSPECT THEORY

Why does Gamification work? - The Prospect Theory is a behavioral economic theory that describes the way people choose probabilistic alternatives that involve risk — where the probabilities of outcomes are known. People take an effort because of their intrinsic motivation in situations where they expect a reward. In other terms, people's behaviors are being influenced by Gamification elements mentioned above, which can have a very small cost / investment for the brand.

MARKETING & INTEGRATED MARKETING COMMUNICATIONS

However, different customers have different needs and desires and the satisfaction level of these motivational factors is dynamic and therefore the challenge lies in understanding the users as groups and accordingly incorporate the motivational factors as a set or category of rewards for different segments of users. Bartle, Richard (1996), mentioned four types of players socializers, achievers, explorers and Killers, each with different motivations and approach for gaming. Nick (2007), gives three components viz, Achievement, Social & Immersion with some 10 (ten) subcomponent. Gabe Zichermann, (2011) points clearly that a good gamification design seeks to understand and align an organization's objective with a player's intrinsic motivation. Motivational theories & psychological test confirm that people have various needs & desires. Getting rewards, recognition, achievements, self-expression, altruism are some of them.

1. 2 GAMIFICATION, PERSUASION, AND MARKETING

"Gamification describes the broad trend of employing game mechanics to non-game environments such as innovation, marketing, training, employee performance, health and social change," said Brian Burke, an analyst at Gartner. The simple addition of point systems and badges to an experience does not make it game or take the place of meaningful interactions, sincere challenges and incentive to exceed ones comfort zone.

The goal of Gamification is to increase the probability that a person repeats desired steps, providing an opportunity to influence humans behavior through games. Essential game elements often used in the Gamification include scoring systems, ranking lists, virtual goods and small incentives. Therefore, gamification has become increasingly popular in marketing, education and other industry sectors.

Current research shows that Gamification increases customer commitment and loyalty, as well as the motivation of employees. If implemented correctly, it can have a high return on investment for companies. Gamification uses these motivational factors based on needs & desires to get marketing and sales task completed.

MARKETING & INTEGRATED MARKETING COMMUNICATIONS

Marketing task with game like engagement and actions can make customers excited about the product and boost productivity, Michael Wu (2011).

From our discussion above about the definition of the term gamification, it can be seen that in the core of its formulation is the idea that the use of games, both as an applied subset of design elements or as models for simulating whole activities, can fill non-game contexts of positive values associated with the brand. These gameful values would, then, foster change of behavior and perception about the non-game activity being gamified. This persuasive power of gamification operates in two dimensions, one related to cultural and societal framing of games and gamification and the other to the systemic persuasive characteristics of these systems to foster change of behavior and perception in users-players who are in marketing manner - customers.

Social influence is also a very important aspect. Social influence refers to an individual's perception of how important others regard the target behaviour and whether they expect one to perform that behaviour (Ajzen, 1991). In the context of this study, the target behaviour is the use of gamification to motivate oneself (to exercise). Social influence is then likely to reflect the user's perceptions of how other users.

By receiving recognition in the forms of 'likes' and comments, a user receives feedback on how well he or she has conformed to those perceived expectations of other users.

Following the social influence, the recognition fundamentally describes the social feedback users receive on their behaviours: users interacting with other users. In this manner, receiving recognition creates reciprocal behaviour (Cialdini and Goldstein, 2004) and increases the perceived benefits received from the use of the service, thus positively affecting the user's attitude to using the service.

Perceived reciprocal benefit can be viewed as a form of social usefulness of the service – i.e., contributing and, in turn, receiving benefit from the social community (Preece, 2001). The reciprocity, receiving and adding in a manner considered beneficial by the society, is likely to be of fundamental importance in encouraging

MARKETING & INTEGRATED MARKETING COMMUNICATIONS

users to carry out activities encouraged by the gamification system.

2. Case analyses

Case #1:

Case study highlights

- By using gamification Nike is able to motivate its customers and track their physical activity in order to market directly to them in the future
- The Zombie Run! app which works with the Nike Fuelband adds excitement into everyday runs
- Nike has increased engagement with its customers through gamification

The challenge

Nike wanted to increase its engagement with customers using their Nike+ running app. Gamification is typically used as part of a marketing campaign or for promotional purposes.

Nike however incorporated gamification into its running app Nike + Fuel which enables users to track their physical activity. The game part of the app enables users to compete against each other in their daily amount of physical activity.

The solution

The app collects personal data from users and keeps a close update on their physical activity, displaying their latest achievements and overall performance. The Nike + app allows users to compare and compete with users from all over the world when connected to social media.

The app measures sports performed transcribing them into points, rewarding users for their efforts. Customers are rewarded with trophies and badges after completing different levels.

When awards are won, consumers are encouraged to share their results on social media – increasing the brands presence and visibility on platforms.

MARKETING & INTEGRATED MARKETING COMMUNICATIONS



As well as competing against other people, when using the Nike Fuelband users can connect to the especially build Zombies Run! app. When running using the app, music from your playlist will be interrupted with radio messages about you being chased by zombies, when you hear the warnings you may need to run faster until you have reached the safe zone, or run to pick up the cure for the zombie creating virus. The app makes mundane running more interesting and creates a mission out of an everyday run.

As well as running away from Zombies, users can also use the Nike + app to play “tag” against people running near them.

The results

The game greatly boosted Nike’s customer loyalty and the system allowed Nike to collect high amounts of data over a long period of time. Nike could then use this data to market their products and services directly. The information led to increased productivity of R&D and digital marketing.

MARKETING & INTEGRATED MARKETING COMMUNICATIONS

CASE #2

Urban Sports Club

Sports and video games have always had a close relationship. If there's a sport out there then there's probably a video game version of it.

So when Urban Sport Club, a fitness flat-rate, approached us to help gamify their latest ad campaign promoting climbing sports, a major conversion trigger, we knew we could build something that truly captivated their audience.

Goals

The aim was to create a simple, fun and sticky (and by that we mean, addictive) game. Almost as much fun as it would be to exercise in your sleep (what science's status on that, btw?).

To raise the stakes, Urban Sport Club, incorporated a challenge and prize element to the campaign. The three top players in the leaderboard would win 3 months of Free Urban Sports membership. Now, the incentives behind playing the climbing game had suddenly evolved beyond just bragging rights into actual real world prizes! The digital world can now have real world implications. In this instance, from a user's perspective, you could actually win something not based on luck but rather on your skill at the game! This way, Urban Sport Club's unique brand image and value proposition were able to stand out in the congested marketing seas. More importantly, they were able to create an interactive game that generated organic growth. Logic behind it?

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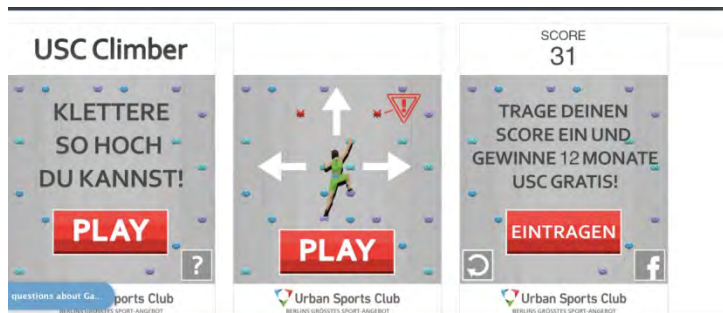
people like to share their achievements. So, why not let your audience be your biggest promoter?

The Results

What was Urban Sport Club benefit from Game Ads? Increased engagement and the ability to capture a new audience that's normally put off or not drawn to traditional marketing communications. By providing Game Ads, they were able to give their audience something fun, naturally engaging and even authentic (meaning that no claims were made that weren't transparent or easy to deliver).

The top 3 players weren't the only winners. As a result of the high engagement rate, Urban Sports Club was able to capture the leaderboard players data and add it to their existing vivid community. Now, that's a win-win!

The game was a hit. Users were highly engaged, playing the game over 3 times. The top players, were so hooked, playing over 25 times, with scores as high as 500!



MARKETING & INTEGRATED MARKETING COMMUNICATIONS

CASE #3

TARGET

Target becomes Santa's helper with 'Holiday Wish' app. Target developed a 3D animated game experience allowing kids to create Christmas wish lists and send them to Santa. The US retail giant generated nearly 75,000 downloads of the app.

Impact

Though the app was released in limited distribution for its initial launch, the data collected from users proved that it was a success. Over 100,000 wish lists were created, as well as 9,200 new Target.com accounts.

61% percent of users used the app multiple times a week, including 31 percent who used the app multiple times per day, generating over a million page visits to Target.com via the app. The average wish list was comprised of about 30 items and had an average value of \$1,500.

Over the course of six weeks from app launch to the close of the holiday season, nearly 1.7 million total items were added to Target guest wish lists, for a total sales potential of \$92.3 million.

CONCLUSION

Based on the current research and assumption of progress, many opportunities for future research on gamification are available. The analyzed case studies into the effectiveness of gamified marketing campaigns and their underlying mechanisms will improve our understanding of specific mechanisms and their impact. Combined with case studies on projects that attempt to incorporate gamification with standardized solutions from companies, we can determine whether dividing gamification in multiple sub-disciplines is necessary. Ultimately, the goal is adopt a model or framework into a feature- marketing practice that practitioners use to identify the appropriate gamification mechanisms for their specific communication and business goals.

MARKETING & INTEGRATED MARKETING COMMUNICATIONS

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MARKETING & INTEGRATED MARKETING COMMUNICATIONS

ECONOMIC PROPAGANDA AS A TOOL OF THE PROMOTIONAL MIX IN THE FUNCTION OF IMPROVING THE WORK OF COMPANIES

Igor Stojcevski¹
Angela Milenkovska Klimoska

Abstract

The paper is an action research conducted in order to prove the connection between the use of economic propaganda and the improvement the company's work, that is, the profitability of the company.

The promotional mix offers more opportunities for high quality marketing of the company, but the paper addresses only the economic propaganda. In doing so, it only treats the modern promotional tools and media for economic propaganda.

For that purpose, the research was conducted in several sales companies in Skopje. The research population includes employees, clients and the head of the marketing department. In the investigative procedure, survey was used as a research method.

The obtained results fully confirmed that if the tools of the economic propaganda for marketing the products are used than the company will improve its work, i.e. it will increase the competitive advantage.

Keywords: economic propaganda, modern promotional media, competitive advantage, profitability.

JEL classification: M13; Z33; L83

INTRODUCTION

All business entities, regardless of whether they are producers, intermediaries, or deal with the provision of services, must communicate with its primary business partners, but also with the wider environment if they wish to achieve positive business results.

Thanks to the development of the marketing concept, the role of the consumer has changed dramatically, so that from a completely

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MARKETING & INTEGRATED MARKETING COMMUNICATIONS

passive participant in the market, become the focus or main preoccupation. Regardless of the dominant economic goal for the economic entities, thanks to the marketing concept, they understand the enormous role of the consumer and for their priority task, they set the realization of another goal - a communication goal, i.e., a more complete satisfaction of the consumer's needs for information on the organizations and their products and / or services.

Marketing concept ensured equal involvement of the consumer in the communication process. The new trend in market communication called integrated marketing communication insists on the necessity of integration, that is, association and full coordination of all instruments of the promotional mix in order to achieve synergy, and therefore the full realization of the communication objective.

Today, propaganda is a systematic attempt to influence the emotions, attitudes, beliefs and actions of a particular target population, and all of these are necessary channels / means for the transmission of propaganda messages. When a firm produces a product or services it need to be released in the market such that people must be aware of that particular product or service (Anusha KS, 2016) .

The means for the transmission of propaganda messages are numerous, from traditional (radio, press, television via new (internet, light commercials) to innovative solutions (propaganda through packaging of products). Each asset has its own advantages and disadvantages, and the goal of any good media plan is to comply in a way that will have a strong impact on the audience. Some media / media for transmission of propaganda messages today lose their importance due to the saturation of the market, so it is necessary at any moment to be innovative and to use modern media in a way that they may not have been used before.

1. ECONOMIC PROPAGANDA AS A TOOL OF THE PROMOTIONAL MIX

A modern company manages a complex marketing communication system; it communicates with its customers, distributors,

MARKETING & INTEGRATED MARKETING COMMUNICATIONS

suppliers, consumers and various publics. However, for most companies the issue is not whether to communicate, but

rather what to say, where, to whom, and when (Koekemoer & Bird, 2004).

The promotional mix is a palette (mix) of promotional activities tailored to the needs of a particular organization or product. In essence, it is about marketing communication. It deals with advertising, direct marketing, sales promotion, personal sales, public relations, and more recently Internet marketing. The promotional mix is part of a marketing mix that includes price, product, distribution and promotion.

Determining the right promotional mix will be much simpler if you know who is addressed, for what and what to say. In order to specify the target group to act, it must first be aware of the products, services and sees product separately in relation to competition. When the concept is determined, the final promotional mix will be key to the visual / verbal message, with a major role played by the knowledge of the advantages and disadvantages of the media to be used.

Marketing or advertising became concepts without which today's consumer society could not be imagined. When designing marketing programs, it is necessary to adopt four important decisions related to advertising, ie setting goals of advertising, setting advertising calculations, developing advertising strategies and evaluating the advertising company (Previšić, Bratko, 2001).

There are numerous channels for conquering consumers, but more space and time is dedicated to internet marketing.

Online or internet marketing is called a group of activities, via online interactive media, in order to promote products and services online. The positive side of this type of marketing is the rapid adapting to market conditions, as well as reducing costs and increasing efficiency. Economic propaganda is an activity that exists since commodity production. What has changed over time is the media for communicating the message and applying science. It allows the consumer to quickly find the products and services that he needs, to make a choice according to needs, to report on the

MARKETING & INTEGRATED MARKETING COMMUNICATIONS

existence of new or improved products. Economic propaganda is an effective tool of changing consumer habits.

Economic propaganda is a means of communicating statements for potential consumers, buyers and distributors for the products of the enterprise, i.e. paid form of communication intended to affect one or more persons (Klincov, 2011).

Economic propaganda is not only a sales segment, it is a complex creative communication process that covers all parts of the social and political life from an economic, legal, ethical, psychological and aesthetic point of view. Economic propaganda, in essence, is composed of several processes: business, communication, creative and socio-economic. Given that each of them arises decisions, intentions and goals, it is necessary to harmonize and integrate in a logical and harmonious whole. Therefore it can be accepted that economic propaganda is a creative communication with the market, this is a form of promotion that through creative - communication processes harmonize the interests and needs of consumers, manufacturers and societies.

The primary role of economic propaganda in business marketing is the creation of a name and increasing the reputation of the enterprise, that is, the corporate identity of the company. Economic propaganda has a focus on creating and maintaining a favorable image of the company and its products, thus creating a selective demand for the products and services of the enterprise, but also to create a favorable image of the business and stimulate the primary demand (Kotler, Bowen & Makens, 2016).

As a rule, economic propaganda is a tool of promotion that should support sales efforts, or to transmit information, affection and encourage activities in favor of the products and services of the company, which means stimulating the demand for products and services of the organization.

The goal of economic propaganda is to persuade and remind, but it also has a social role to influence buyers' decisions, goals, beliefs, and demands. Economic propaganda with precise information on the offer of the company enables self-identification of potential buyers. If buyers are interested, they can react and require additional information. It includes a multitude of

MARKETING & INTEGRATED MARKETING COMMUNICATIONS

participants and activities with diverse roles and relationships, which makes the propaganda a complex and complicated area.

In the system of economic propaganda, several elements participate (Vračar, 2010): advertisement, advertising agency, media, consumers and competition, but the advantage in this paper is given to the media, consumers and competition.

The media of the economic propaganda are a group of promoters of economic propaganda by means of which advertisers transfer their message to the potential buyer. The use of individual media in propaganda depends on the type of product, the propaganda goals, the specificity of the environment, and the specificity of the medium.

There is no universal rule for determining the most efficient medium. Each medium should be viewed in terms of its depth and breadth of penetration, price, mode of action and on the basis of which the choice should be made. In most cases, the organization should use a combination of media. Choosing the right combination of media is the most complex issue in propaganda.

Consumers are recipients of propaganda messages. That's why their analysis is an important link necessary for good communication. The analysis of consumers, i.e. buyers, their composition, behavior, purchasing power and interests is the basis for making propaganda messages.

Competition is an important element in the propaganda system. In response to economic propaganda, competitive organizations undertake appropriate activities, and often a competitive "war" is maintained.

Creating a propaganda message is an extremely complex stage process involving professionals, ranging from psychologists, communicators, sociologists and creative teams, composed of screenwriters, producers, designers. At first glance, a simplified slogan or effective radio advertising seems to have been made with ease, but behind the final products there is extensive team work and research with accurate and reliable data.

People meet daily with a multitude of propaganda messages, but only a small part manages to attract and retain attention and interest and become recognizable. Successful propaganda messages

MARKETING & INTEGRATED MARKETING COMMUNICATIONS

sometimes last for years and decades. Each propaganda message has two aspects: content and way of presentation. The content of the message depends on the idea that will be presented, and the way of presentation is the form of presentation of the idea.

2. PLANNING OF ECONOMIC PROPAGANDA AND MEDIA FOR REALIZATION OF ECONOMIC PROPAGANDA

The propaganda will not be successful if it is a random process. Like other marketing activities, it requires successful planning. Market research and strategic thinking are needed so we can answer two fundamental questions: what is the task of the propaganda? How the propaganda can fulfill its role in the overall marketing effort?

In order for the economic propaganda to be successful, it must be well planned. The beginning of any good plan is precisely defined goals. The main goal of economic propaganda is to increase the sales of a particular product or service. The objectives of the promotional activities are formulated on the basis of market analysis, sales analysis, production - financial plan and annual marketing plan.

Economic propaganda is a paid, non-personal form of marketing communication that encourages the audience through various channels to act in a certain way, or to buy a product or service. Regarding the diversity of advertising media, television, radio and magazine are mostly used. With the emergence and relatively fast pace of Internet penetration, some advertising activities, such as social media ads, blogs, e-mails become more widely used by companies of any type and size. It is important to mention that online advertising is the fastest growing form today (Levinson, 2009).

The means (or the media) are the way in which the propaganda message is transmitted to the audience (potential buyers) and which should be influenced by the propaganda. The advertising agency is a mediator between the advertiser and the medium. The media choice is given maximum attention because the way in which the propaganda messages are transmitted depends on the efficiency and

MARKETING & INTEGRATED MARKETING COMMUNICATIONS

the performance of the economic propaganda. The purpose of economic propaganda is the main criterion according to which the choice of medium is made.

Successful planning and control of economic propaganda depends on the measurement of its effectiveness. The effects can be divided into economic and non-economic, and within the economic ones, measurable and immeasurable effects can be separated from the aspect of the advertiser.

Media planning is a series of decisions involved in sending promotional messages to potential buyers and / or users of the product or brand. It is a process that means carrying numerous decisions, each of which can be changed or rejected depending on how the plan is developing.

The purpose of media planning is to understand, analyze, and select channels of communication that will direct the propaganda message to the right people at the right place and time.

The existence of a wide choice of media makes media planning much harder. Each medium offers an increasing number of choices. Media planning is further complicated by the fragmentation of the audience. Readers, listeners and viewers are now choosing from a variety of available media options, selectively reading only parts of magazines or newspapers, watching only segments of the TV program and listening to many radio stations. All this additionally makes it difficult to plan the media for the realization of the economic propaganda.

A social network is a website that allows users to connect with others. There are many services on social network, such as, share photos, videos, music and information posting (Supaartagorn, 2017). Facebook is one of the world's most influential social network.

As of the second quarter of 2016, Facebook had 1.71 billion monthly, active users (<http://www.statista.com/statistics/264810/numberof-monthly-active-facebook-users-worldwide>).

MARKETING & INTEGRATED MARKETING COMMUNICATIONS

3. MEASURING THE RESULTS OF ECONOMIC PROPAGANDA

Whether the propaganda message had a communication effect and was effective or not, can be tested on the market or in artificially created conditions, in laboratories.

The measurement of the communicative effect is used by applying pre-tests (tests performed prior investing funds in the media) and the tests carried out after the investment of the funds - post-tests.

There are three main methods for pre-testing economic propaganda:

- direct rating
- portfolio test and
- laboratory tests.

The decision-making process for economic propaganda does not end with the implementation of the propaganda program. There are two popular methods for post-testing economic propaganda: a memory test and a recognition test. The results of the first method indicate the power of propaganda to be noted and remembered, while the results of the recognition test can be used to assess the impact of propaganda in different market segments and to compare the company's announcements with the competition announcements.

4. ECONOMIC PROPAGANDA IN THE FUNCTION A COMPETITIVE ADVANTAGE

In the era of globalization, when the obstacles in the international economic exchange are being erased, and the economic connection between the countries is growing rapidly, the competitive advantage makes the difference between successful and unsuccessful organizations.

A competitive advantage exists when a firm has a product or service that is perceived by its target market customers as better than that of its competitors (Dess et al, 2005).

Competitive advantage can be achieved in many ways. Competitive advantage can be produced by the product itself, availability of resources, technological equipment, market

MARKETING & INTEGRATED MARKETING COMMUNICATIONS

profiling, location for sale, availability of rare raw materials or energy, specialized knowledge and skills, possession of a recognizable brand, communication and distribution system and so on.

Based on the wider elaborations of the competitive advantage, it can be said that an organization has a competitive advantage if it succeeds better than others to satisfy the needs and desires of consumers. All competitively oriented companies want to achieve superiority in terms of competition. This superiority stems from a number of special activities undertaken by the company in designing, manufacturing, marketing, delivery and support of its products (Porter, 2008).

Small is the number of organizations in the market that have significant technological, innovative, marketing or some other advantage in terms of competition. The number of organizations that run a "dead race" daily with competitors in the field of technology and technology, as well as in the market segment, is much larger. That is why managers in organizations must create such marketing research that will compulsorily include competition research, i.e. identification, monitoring and analysis of the most significant competitive organizations.

Winning business strategies are based on a sustainable competitive edge. A company has a competitive advantage whenever it has an edge over rivals in securing customers and defending it from competing forces. There are many sources of competitive advantage (Hoffman, 2000):

- manufacture of the highest quality product,
- providing superior customer service,
- achieving lower costs than the competition,
- designing products with better performance than the brands of competition,
- production of more durable and more reliable products,
- greater value for customers (a combination of good quality, good service and reasonable price).

Given the fact that a competitive advantage is necessarily linked to business results, it should not be surprising that it is mainly measured on the basis of objective measures of business success,

MARKETING & INTEGRATED MARKETING COMMUNICATIONS

such as productivity (Hitt et al., 1991), sales revenue and profit (Kumar et al., 2011), as well as market participation (El-Diraby et al., 2006).

To succeed in building a competitive advantage, the company must try to provide what customers see as "superior value" or a good product at a low price, or a "better" product worth paying more. The analysis of competition should help organizations to find the right response to the market performance of competitors, so they can achieve a competitive advantage by offering greater satisfaction to target customers than competitors.

In order to achieve a sustainable competitive advantage, knowledge of competition is not enough.

Factors that are important determinants for acquiring, maintaining and improving competitiveness are dynamic, variable, with varying significance and influence in the functional, territorial and time context. (Unkovic, 2010).

A firm's probability of success depends whether its business strengths not only match the key success requirements for operating in the target market, but also exceed those of its competitors (Dash & Das, 2010).

5. METHODOLOGY

The purpose of this paper is to prove or reject the assumption that if the company uses modern promotional tools and media for economic propaganda as part of a promotional mix, then the company's performance will be improved.

Promotional activities determine the success of the company's sales. That's why companies that have opted for a modern approach to sales have a commitment to a serious approach to the promotion of products or services.

A quality marketing team that knows how to manage marketing strategies is the key to success in a dynamic environment in which the competitive advantage is difficult.

Economic propaganda has several functions that if the marketing team knows and manages well, it will undoubtedly achieve success in the sale of products, that is, the services.

MARKETING & INTEGRATED MARKETING COMMUNICATIONS

Hence the subject of research in this paper is: The application of the modern promotional tools and media for the economic propaganda influences the improvement of the company's operations.

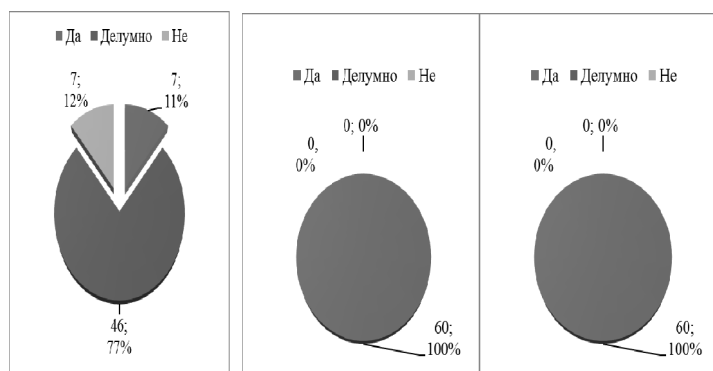
The influence of modern promotional tools and media on the competitiveness and profitability of the company depends on the planned means for economic propaganda and the management team. By applying economic propaganda as a tool of the promotional mix and modern media, they will improve the company's performance expressed through increasing profitability. Social media has fueled part of this growth: worldwide there are now more than 2 billion people using social media (<http://wearesocial.net/blog/2014/08/global-social-media-users-pass-2-billion/> (accessed 09/15/15). Facebook alone now has approximately 1.49 billion daily active users on Facebook on average for September 2018 and 2.27 billion monthly active users on Facebook as of September 30, 2018 (<https://newsroom.fb.com/company-info/> accessed 09/15/18).

Empirical research was conducted using a closed-type questionnaire.

The survey was conducted in several sales companies in Skopje for a total of 180 respondents, of which 60 employees and 120 consumers. Of these, 20 employees are included as respondents in three sales markets and randomly 40 buyers from the same markets, aged 21 to 67 years. This allocation is relevantly balanced and the results of the survey are expected to be independent of the age of the respondents.

In order to get information about whether and how many companies advertise via social networks, the question was asked: "Companies advertise products through social networks.", With options: No, Partially and Yes. On this issue, all respondents, that is, all employees and clients responded with Yes, which represents 100% of the total number of respondents.

MARKETING & INTEGRATED MARKETING COMMUNICATIONS



Graphic display 1. Company products and advertising through social networks

According to the results of the respondents' answers, it follows that consumers and customers are fully aware of the fact that companies advertise their products through social networks and have an idea of the importance of this type of advertisement.

In order to get information about which social networks companies use to advertise their products, several questions are asked: "The company advertises products through facebook" with options: No, Partially and Yes. On this issue, all respondents, that is, all employees and clients responded with Yes, which represents 100% of the total number of respondents. According to the dominant representation of respondents (yes), it follows that employees and clients have an idea of the knowledge of the ad via the social network facebook.

In order to get information about which social networks companies use to advertise their products, several questions are asked: "The company advertises products through Twitter", with options: No, Partially and Yes. The following results were obtained on this question from 60 employees: 5 respondents did not respond, 8% of the respondents answered, with 52 respondents, which is 87% of the respondents, and yes, 3 respondents answered, which is 5% respondents. The same question, adapted and set up for the

MARKETING & INTEGRATED MARKETING COMMUNICATIONS

clients, responded to 120 respondents: with 95 respondents responded, which represents 10% of the respondents, with 20 respondents, which is 33% of the respondents, and yes, answered 4 respondents, representing 57% of the respondents nutritionists.

According to the dominant representation of respondents' answers, it follows that employees have an idea of the ad's knowledge via the social network twitter and consider that it is insufficiently represented, while customers have a conflicting opinion that coverage is at a satisfactory level.

In order to get information about which social networks companies use to advertise their products, several questions are asked: "The company advertises products through an installation" with options: No, Partially and Yes. The following results were obtained on this question from 60 employees: 7 respondents did not respond, 11% of the respondents answered. Partially, 46 respondents answered, which is 78% of the respondents, and yes, 7 respondents answered, which represents 11% of the respondents respondents. The same question, adapted and set up for the clients, responded to 120 respondents, as follows: 80 respondents did not respond, which represents 67% of the respondents, with 30% respondents, which is 25% of the respondents and yes, answered 10 respondents, representing 8% of the total spitans

According to the dominant representation of the respondents' answers, the employees find that the advertisement through the social network installation is insufficiently represented, while the clients are of the opinion that it is partially represented.

In order to obtain information about which social networks companies use to advertise their products, several questions are asked: "The company advertises products through lincidin" with options: No, Partially and Yes. The following results have been received on this issue of 60 employees: 7 respondents did not respond, 11% of the respondents answered, with 49 respondents, which is 82% of the respondents, and yes, 4 respondents answered 7% of respondents. The same question, adapted and set up for the clients, responded to 120 respondents: 79 respondents did not respond, which is 66% of the respondents, with 21 respondents,

MARKETING & INTEGRATED MARKETING COMMUNICATIONS

17% of respondents and Yes, 20 respondents answered, which is 17% of the examinees

According to the results of the respondents' answers, it follows that the employees believe that the advertisement through the social network lincidin is insufficiently represented, while the clients are of the opinion that it is partially represented.

In order to get information, how many companies advertise their products using electronic banners, several questions are asked: "The company advertises products through electronic banners", with options: No, Partially and Yes. The following results were obtained on this question from 60 employees: 7 respondents did not respond, 11% of the respondents answered. Partially, 46 respondents answered, which is 82% of the respondents, and yes, 7 respondents answered, which represents 11% of the respondents. The same question, adapted and set up for the clients, responded to 120 respondents: with 20 respondents, 17% of the respondents answered, with 8 respondents, which is 6% of the respondents and yes, answered 92 respondents, accounting for 77% of the total pitanici.

According to the dominant representation of the respondents' answers, it follows that the employees believe that the use of electronic advertisement banners is partially presented, while the clients have the opinion that it is significantly represented, which is united against the opinion of the employees.

In order to get information about how companies improve sales through the advertising of their products, the question is: "I believe that advertising on social networks contributes to improving the sales of our products," with options: No, Partially and Yes. On this issue of 60 employees, the following results were obtained: Yes, 180 respondents (clients and employees) answered, which is 100% of the respondents. According to the percentage representation of the positive response, it follows that the companies improve their sales through the advertising of their products on social networks.

In order to get information about whether the advertising companies for their products plan marketing activities, the question is asked: "Economic propaganda is a regularly planned tool" with options: No, Partly and Yes. The following results were obtained

MARKETING & INTEGRATED MARKETING COMMUNICATIONS

on this issue from 60 employees: 0 respondents answered, 0% of respondents, with 21 respondents, which is 35% of respondents, and yes, answered 39 respondents, representing 65% of respondents. The same question, adapted and set up for the clients, responded to 120 respondents: with 0 respondents, 0% of the respondents responded, with 40 respondents, which is 33% of the respondents, and yes, answered 80 respondents, representing 67% of the total sleepers.

According to the dominant representation of the answers of the respondents, it follows that the employees think that the companies for marketing their products plan marketing activities, and the clients are almost identical, which means that all the participants know the meaning and importance of the economic propaganda as a tool for marketing planning.

CONCLUSIONS

A promotional mix is a term used to describe the set of tools a business can use to communicate effectively about the benefits of its products or services with its customers.

Promotional sales have been identified as a marketing tool for attracting consumers attention and building their loyalty to the product. It is a means that the producer uses to communicate with the target audience, as well as to increase sales, create awareness about a particular product or service. Increases market share (Luk, & Yip, 2015).

A carefully identified and documented competition analysis can, with the help of a marketing strategy, create a competitive advantage through branding and image building, and its essence is to choose activities other than rivals.

Economic propaganda, as an instrument of the promotional mix, involves a multilevel realization within which it is necessary to identify the propaganda target, identify the propaganda goals, choose a propaganda message and an appropriate medium, but also measure the effect of the current propaganda campaign.

In order for the organization to survive in today's market, it must constantly study its competition, as well as its current and

MARKETING & INTEGRATED MARKETING COMMUNICATIONS

potential future buyers. They must recognize and recognize the strategies, goals, strengths and weaknesses and the usual way of reacting to their competitors, the way to gather information about competitors, which competitors to attack and which to avoid them, but also how to fight competition which is customer-oriented.

The competitive advantage is prevalent for people who are responsible for the company's strategy (top managers), who have to find sources of competitive advantage everywhere. However, all employees in the company must understand and understand their place and role in the process of creating and maintaining a competitive advantage.

For the success of the company's sales, the company's decisive approach to the promotion of products and services has a key role.

The research has proven that if the company uses modern promotional tools and media for economic propaganda as part of the promotional mix, it improves the company's performance and makes it easier to achieve the competitive advantage, which is only part of the functions of economic propaganda.

To what extent is the influence of modern promotional tools and media on the competitiveness and profitability of the company depend on how much funds are planned for economic propaganda, and how they are used by the management team. Each propaganda tool has its own strengths and weaknesses, but it is confirmed that the transmission of propaganda messages through the use of modern media is a recognizable tool for increasing the profitability of the company

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HIGHER EDUCATIONAL SYSTEM: PERSPECTIVE, TRENDS AND FUTURE CHALLENGES

Zoran Ivanovic¹
Sinisa Bogdan
Suzana Baresa

Abstract

The educational system of each country has a priority place because of its impact on national development. It contributes to the development of the economy, democracy and culture and to personal development. It provides knowledge and skills and develops certain abilities to enable an individual to successfully integrate into the labour market. Due to the dynamic and fast-developing technological development, the intensity of the production of new knowledge, scientific and high-tech knowledge is outdated and must be continually renewed and improved. Approach to learning and teaching as well as the development of skills and competences in a rich IT and media environment must be in line with the needs of users and society. The purpose of this research is to stimulate discussion about the importance and role of education in the country's economic development and to research how the system could be improved by future trends and to discover challenges and perspectives. The analysed results point the lower than average results in education in the most of Balkan countries in relation to the EU average, which is an impetus and a challenge for improvement as well as opening up space for the implementation of proposed new approaches to education and learning process.

Keywords: E-learning, teaching, professional development, Balkan region.

Jel Classification: I21; I23; I25

INTRODUCTION

The current condition of the science and education in the Republic of Croatia and its purpose does not sufficiently follow the needs and demands of modern society, in which the stakeholders (students and professors) do not interact sufficiently with the economy. The educational system has a great role in prepare human resources for independent work, with adequate skills and competences. Although the countries from Balkan region are making a great efforts and are trying to implement reforms in

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OPEN TOPICS RELATED TO BUSINESS EDUCATION

education that are aligned with European trends for years, the results achieved are still not significant, although there are visible improvements. According to the most famous university ranking list, the Shanghai ranking list, world universities are ranked based on the indicators of scientific and research work, with the top of the list being dominated by American universities.

Authors have compared the best universities of the some countries in the Balkan region (Slovenia, Serbia, Macedonia, Bosnia and Herzegovina and Albania) and have concluded that only some of the countries are ranked in top 1000 universities. University of Zagreb in Croatia and University of Maribor in Slovenia have world rank between 501 and 600, while University of Novi Sad in Serbia is ranging between 901 and 1000 in 2018 according to Academic Ranking of World Universities (ARWU), also known as Shanghai Ranking. According to the Times Higher Education¹— World University Rankings in 2018: University of Ljubljana, Slovenia and University of Split, Croatia are taking place between 601 and 800. University of Zagreb, University of Maribor and University of Beograd are ranging between 801 and 1000 place.

Educational technology (procedures for the implementation of education program) which among other things serve to increase the efficiency of the learning process and teaching is not at a satisfactory level. Many educational institutions in the Republic of Croatia and in other countries in the region lack modern equipment (IT and other), and the present material base and financing system do not meet the requirements. Therefore, the chance for the most important improvement of the educational institutions, without the modern technological infrastructure and the possession of adequate knowledge of its use, is very small. Information and communication skills of teachers are neglected and unsuited by the computerization of society.

¹ Times Higher Education (THE) is the leading provider of higher education data for the world's research-led institutions.

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In this part are shown the last results from Webometrics¹ for Balkan region: University of Tirana, Albania which has taken the 4387. place, University of Zagreb, Croatia is on the 668. place, University of Rijeka is on the 1534. place, University of Sarajevo, Bosnia and Herzegovina is on the 2367. place, University of Ss Cyril and Methodius University Skopje, Macedonia is on the 1627. place, University for Tourism and Management Skopje, Macedonia is on the 17720. place, University of Belgrade, Serbia is on the 1028. place, University of Ljubljana and Slovenia is on the 295. place in the world. New information and Communication Technology (ICT) provide the opportunity to introduce a new concept and approach to teaching in the educational process. Learning should be more dynamic, knowledge more persistent and more transferable. Learning through information processing, through research, simulation, and application of other interactive teaching methods using information and communication technology (ITC) should be imposed on the traditional form of ex cathedra.

The development of the quality assurance system is an indicator of the development of the educational system. The implementation of measures to ensure the quality of education is necessary, quality monitoring is required both in the education process and beyond. The modern educational system monitors the quality of the "production" of the human resources. If human resources do not have the necessary quality (knowledge, skills and competencies), it will be necessary to discover its causes, intervene and take measures to improve it. It is also necessary to note that the mechanism for recognizing and rewarding excellence and quality is in many aspects insufficiently developed. However, it can be noticed that the process of ensuring and improving the quality of teaching processes and programs becomes something that is increasingly indispensable, all in line with the guidelines of the

¹Webometrics ranking comprises about 25000 institutions of higher education around the world. It is prepared by The Cybermetrics Lab (Spanish National Research Council, CSIC), showing the influence of a university on the Internet.

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European Association for Quality Assurance in Higher Education (ENQA).

1. THE IMPORTANCE OF EDUCATION FOR ECONOMIC DEVELOPMENT

Besides the educational institutions, the quality of a person's education depends on a person's hunger to know the truth. Generally speaking, education can be defined as an essential process in acquiring knowledge, skills and competencies that form the foundation of an individual's development. From an economic perspective, an excellent and innovative system of education and training is crucial for personal fulfilment, building a fair community and a successful nation. Looking from the economic perspective an innovative system of education has a central role in maintaining and strengthening the national and overall economic progress, which consequently strengthens and makes society (community) successful. „Higher education institutions are increasingly viewed as 'economic engines' by policy makers and are seen as essential for ensuring knowledge production through research and innovation and the continuous education of the workforce“ (Pavel 2012). Education is the main driver of the development of science, which promotes economic development. The goal is an economy where knowledge is the main driver of economic growth, or the concept of the knowledge economy (Chen and Daklman 2006). The result of scientific development is the increased standard of living of the population. The development of the country's educational system is one of the main determinants for developing the competitiveness of its human resources. Highly competitive human resources result from a quality education that is available to a large percentage of the population (Lowther 2004). According to Bodiroza (2018, 115–116) “Knowledge is the basis for applying innovation. It can be said that economics is actually economics of knowledge today, because wealth is created by the efficient management of knowledge. Investing in a company means

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gathering talents, abilities, skills and ideas that are intellectual capital and not physical and financial resources.”

Considering that human capital can be defined as the measure of the skills, knowledge and competencies of the workforce, Benhabib and Spiegel (1994) have concluded that a country with the highest stock of human capital will always eventually emerge as the technological leader nation in finite time and maintain its leadership so long as its human capital advantage is sustained. Squicciarini and Voigtlander (2014) explain in their research that the presence of knowledge elites – played an important role during industrial growth. They claim that regions with an extensive knowledge elite industrialize faster. Numerous other authors showed in their paper significant correlation between an increased level of education in a country and the country’s economic growth (McClelland 1966, Woo 1991, Lau, Liu and Rivkin 1993, Chen and Feng 2000, Barro and Lee 2000, Hall 2002; Bassani and Scarpetta, 2001, Li and Huang 2009, Madsen and Murtin 2017). There is strong evidence that the cognitive skills of the population – are powerfully related to individual earnings, to the distribution of income, and to economic growth (Hanushek and Woessmann, 2007). Therefore, quality assurance in higher education becomes an essential issue precisely because of the global growth of the number of students and thus the opening of new higher education institutions. Systematic quality assurance presents a challenge to all the higher education institutions, precisely because of the strong implications that will be reflected in the future in the economic sector.

2. NEW APPROACH TO EDUCATION AND LEARNING PROCESS

In the present practice of teaching, the traditional frontal approach prevails in which the teaching takes place through one-way

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communication between the teacher and the student. Learning and teaching is one of the most important factors in education that needs to be changed. Considering the needs of the users in education and the way in which they absorb knowledge, a new approach to education and learning process should adopt, in addition to traditional and contemporary approaches of teaching, using modern technologies - auditory, visual, which best suit the user's (student) preferences. Such customization will allow the user to acquire and retain information, process and apply received knowledge in a new way.

Acquired knowledge is the foundation of an individual's prosperity, but in a wider context it also represents social prosperity. The new approach in the way of education is "distance learning" which combines the application of different technologies (computer and video communication), and provides the possibility of interactive communication, for example, with the teacher and vice versa, then the transfer of various forms of textual, audiovisual, and similar to meet the needs and expectations of users. A special form of "distance learning", will represent a way to boost the satisfaction of its users, or increase the number of users, or to increase their competitive advantage over other educational institutions. „E-learning environment makes learning process more efficient and attractive. However, the possibility of learning anytime and anywhere in e-learning environment requires additional attention to motivate students to acquire knowledge and prevent drop-outs“(Gorbunovs, Kapenieks, and Cakula 2016, 256). Because of the accessibility and openness of modern technology, the user who applies such technology on a daily basis is aware of the many opportunities that it offers, and he expects and wants to take advantage of this opportunities in business, professional, educational and other activities. The development and application of new technologies in education, learning and the acquisition of knowledge can significantly increase the quality of independent learning and the quality of teaching that needs to be targeted and innovative.

“Future teachers will need the skills to work one on one with different types of learners as they study in a student-centric way.

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The tools that teachers build and distribute in the user networks of the future will play a key role in making learning student-centric. The next generation of teachers needs to learn how to build these tools for different types of learners“ (Christensen, Johnson, and Horn 2008, 229). According to Avramovic and Markovic (2018) it is very important to introduce practical content in the education process "due to the way in which practical contents are remembered and recognized. Theory of experiential learning, learning is seen as a process, while knowledge is created by the transformation of experience, and knowledge results as a combination of gaining and transforming experience. Teaching should be an adequate combination of teachers' work with the use of available technology and have as much individual access as possible. Today businesses are exposed to daily changes, demands, trends, development and overall technological progress, and to survive and compete in the market, have the need for some new human resources who have “new knowledge”, skills and competencies to help keep moving business forward.

Performing an educational process using information and communication technologies, using the internet and various programming systems is called electronic learning or e-learning. Users access the e-learning system based on a web application that is accessed through a web browser.

The benefits of e-learning are reflected in the fact that:

- a user participates in classes regardless of the distance, time, or any other circumstance that would otherwise prevent him,
- the user can choose the time when and how he will access in e-learning system,
- it is possible to simultaneously participate and use the system to an unlimited number of users,
- considering the 24-hour availability, it allows the user the most efficient use of time,
- it is possible to implement more information and materials,
- it is enabled access to other resources relevant for teaching materials,
- it is enabled a dynamic interaction between educators and users, as well as the users themselves to each other.

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The disadvantage point is that the user must have a certain level of knowledge in order to use the electronic system and that he must possess quality equipment. This kind of system must have the appropriate technical support and the user must constantly monitor and upgrade the system.

E-learning improves the quality of education and the quality of the teaching process. It must be adapted to user needs, and its purpose is to provide current and up-to-date teaching materials, easier resource use (virtual rooms for webinar virtual cabinets, simulation models, virtual project tasks, etc.) and it allows advanced and better individual and team work. For example, the Merlin e-learning system (using the Moodle program system) is being developed and maintained at the University of Computing Center of the University of Zagreb's e-Learning Center. It represents a common platform available for e-learning projects in university teaching. The emphasis of the e-learning system is on new opportunities for teaching, learning, material mastering and preparation for a user's exam. Information, learning materials and schedule of tasks are constantly available, as well as the possibility of self-assessment of the knowledge (tests) and review of the assessment (exam results, colloquia and other results of the teaching tasks). Users can communicate with each other and exchange information. There are a lot of options, for example within the program, GeoGebra's mathematical software can be embedded in the Moodle course, which includes geometry, algebra, tables, graphs, statistics and computation, and is intended for all levels of education. This software has the option to store different data such as the result, date, possibility to store and continue later. It has the ability to create various notes, systematically organize teaching units, themes, ideas, concepts and it can also be used to create mental maps within the same program. For example: members of the Academic Community of the University of Rijeka (teachers, students, employees) can use MudRi, which is also based on the open source Moodle software. For the users of this platform, the University of Rijeka has provided an education program in order to acquire knowledge and skills to use e-learning tools, and to create multimedia content, and knowledge and skills to use the

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Moodle LMS (Moodle LMS) as a tool in teaching at the University of Rijeka.

3. EDUCATION IN BALKAN REGION CURRENT STATE AND PERSPECTIVE

“Knowledge has become the fundamental productive force in human society and the main condition of success. Globalization trends link the world of information, economics, technology, traffic and media into the whole, applying the same benchmarks and value systems. Differences in knowledge and its technological application become major factors that divide developed countries from underdeveloped, rich in poor, high standard of living from low.” (Croatian Academy of Sciences and Arts 2004, 3).

Generally, we could say that the long-term strategy of education will always try to improve the quality of the educational process and the results of education to the most advanced level together with the lifelong learning.

In this part more attention will be devoted to statistics to determine the state of education in individual countries in the Balkans. Authors have analysed several countries in the Balkan region, such as: Macedonia, Bosnia and Herzegovina, Serbia, Albania, Slovenia and Croatia. First, it is very important to show difference in population between countries, so we can later easily interpret other charts.

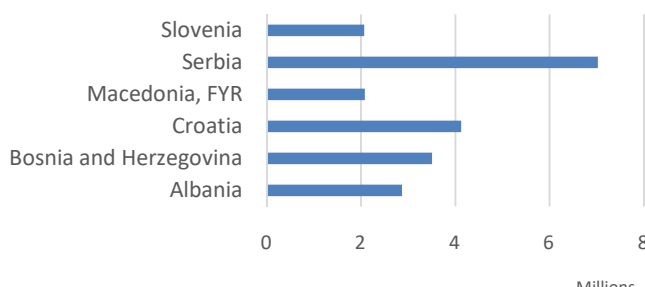


Figure 1. Total population in 2017
Source: Data retrieved from The World Bank

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In the first place is Serbia with 7 million population, on the second place is Croatia with little bit more than 4 million followed by Bosnia and Herzegovina, Albania, Macedonia and Slovenia. The second chart which will be analysed refers to number of tertiary graduates by the level of education between 2011 and 2016.

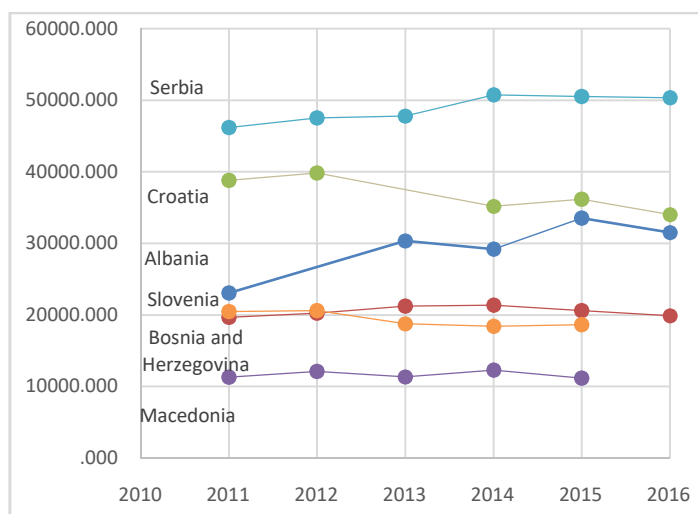


Figure 2. Number of tertiary graduates by level of education between 2011 and 2016

Source: Data retrieved from <http://www.uis.unesco.org>

According to the graph presented, it can be concluded that Serbia has a mildly growing trend as opposed to Croatia, which has a slightly decreasing trend in the number of tertiary graduates. Concerning Albania despite having million fewer inhabitants than Croatia over the last few years thanks to the growth trend, it has come close to it. Bosnia equal to Macedonia holds the same number in the presented section throughout the years while Slovenia also notes a slight decline. Next chart is related to distribution of tertiary graduates in Business, administration and law. The available data is shown in the graph.

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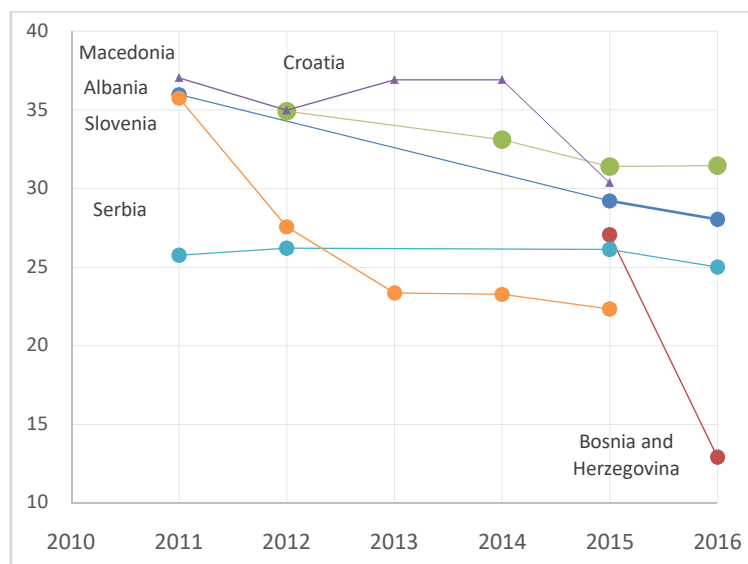


Figure 3. Distribution of tertiary graduates in Business, administration and law between 2011 and 2016.

Source: Data retrieved from <http://www.uis.unesco.org>

Common to all mentioned countries is that all have a slight decline besides the Serbia who holds a constant of about 25% of tertiary graduates in Business, Administration and Law. In the following table it is shown the share of the population by educational attainment level and selected age groups in 2017.

Table 1. Share of the population by educational attainment level and selected age groups, 2017 (%)

25–54 years			55–74 years		
Low (ISCED 0–2)	Medium (ISCED 3–4)	High (ISCED 5–8)	Low (ISCED 0–2)	Medium (ISCED 3–4)	High (ISCED 5–8)

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EU-28	28.0	45.8	34.2	35.2	43.6	21.2
Croatia	12.3	62.0	25.7	32.2	49.5	18.3
Macedonia	27.1	50.3	22.5	45.0	40.4	14.6
Slovenia	8.9	54.1	36.9	22.8	58.4	18.8

Source: Data retrieved from Eurostat (https://ec.europa.eu/eurostat/statistics-explained/index.php/Educational_attainment_statistics#Level_of_educational_attainment_by_age)

International Standard Classification of Education (ISCED) is a statistical framework for organizing information on education maintained by the United Nations Educational, Scientific and Cultural Organization (UNESCO). Version of ISCED from 2011 has 8 levels as follows: level 0 – early childhood pre-primary education, level 1 – primary education, level 2 – lower secondary, 3 – upper secondary education, 4 – post-secondary education, 5 – Short-cycle tertiary education, 6 – bachelor or equivalent, 7 – master or equivalent and 8 – doctoral or equivalent. By looking at Table 1, one notices that Croatia and Macedonia are under European average in higher education (ISCED 5–8), while Slovenia is little above in age group 25–54 years. In the age group 55–74 all three countries Croatia Macedonia and Slovenia are under European average.

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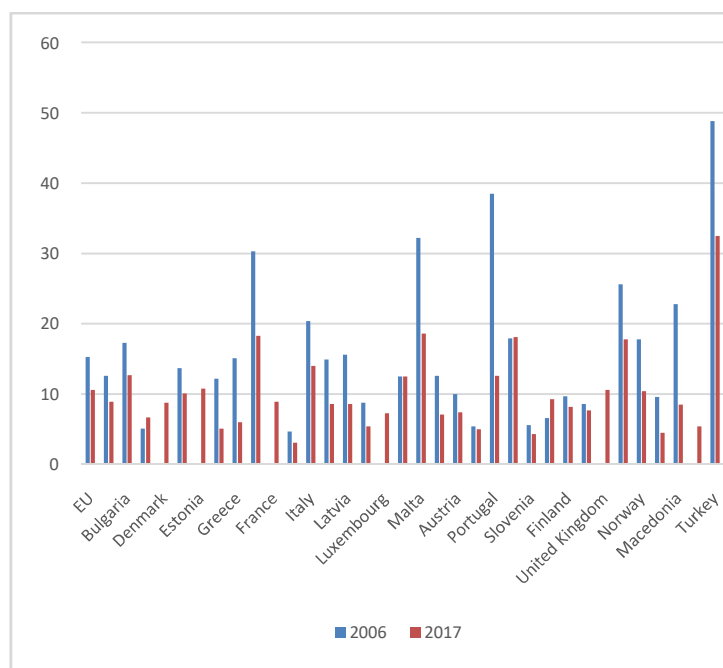


Figure 4. Early leavers from education and training (% of the population aged 18-24 with at most lower secondary education and who are currently not in further education or training)

Source: Eurostat <https://ec.europa.eu/eurostat/documents/2995521/8829968/3-25042018-AP-EN.pdf/70700487-07d4-4913-bdbb-2ca8c6be870a>

Compared with 2006, the proportion of early leavers from education and training decreased in 2017 in all Member States for which the time-series is available, except the Czech Republic and Romania. The country with the smallest proportion of early leavers from education and training in 2018 is Croatia followed by Slovenia and Switzerland. Among 34 countries Macedonia is taking 15th place which is currently lower than EU average.

According to all shown indicators in the education in some Balkan countries which are shown in the previous charts and table, present the results which indicate that countries in the Balkan

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region are under the EU standard and vice versa, so it can be concluded that although the current state is not in line with EU average some indicators show progress and improvements. There is lots of space for progress in the Balkan countries. Therefore, it is necessary to transfer the knowledge about the importance and role of education as a very important “engine” for the entire social community and to detect the new approaches to education and learning process. Therefore, this paper represents a contribution to greater awareness of the importance and role of education throughout society as well as detection of new approaches to education and learning process as a challenge in the future development of educational systems of the observed countries.

CONCLUSION

Answer on the question: “how to improve the quality of the educational system and training” is very complex. This educational system should enable all participants in society to develop their own knowledge, skills and competences that will be aligned with the contemporary development of science and technology aimed at the needs of the society and economy. The system of education and training should prepare and train individuals for the world of work. Professional development and education of the individuals as educated, responsible, entrepreneurial, efficient people and development of their careers in the service of progress, contribution to community, economy, society should start early in the process of learning. Individuals need to be trained so they can: solve problems, independently conclude and make decisions in the business and social environment. This paper deals with the relationship between the number of tertiary graduates per education level, distribution of tertiary graduates in business, administration and law in the observed period between 2011 and 2016, the share of population by educational level of achievements in good groups was presented in 2017, and comparisons and analyses of the situation of selected Balkan countries were compared with the EU.

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The obtained results point under average results compared to EU average, but with plenty of space to progress.

Today educational systems and educational institution programs that have traditional methods of learning and teaching do not go hand in hand with modern society. New forms of acquiring knowledge, skills and competences are increasingly being imposed as the needs of today's generation who use and accept the new forms of modern IT solutions (software, applications, etc.) which are the result of the information-technology development. The new generations are becoming involved in the virtual world of computer-based IT, digital and other technologies that, using information-communication technologies, overcome the problem of the availability of different information in communication of these technologies overcome the problem of distance between the Internet as a fundamental structure for the realization of the aforementioned. In the business environment, communication, business co-operation, business activities of various business entities (due to their advantages in reducing costs, faster growth and development, faster business operations and activities) is achieved through the use of many IT technologies.

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ATTITUDES FOR EDUCATIONAL REFORM IN LATIN AMERICA. CASE STUDY: CHILE

Katarína Brocková¹
Rudolf Kucharčík

Abstract

Educational reform is one of the challenges in Latin America. Chile is one of the countries where reform of education is one of the governmental priorities. Even more – it is one of the key points in election campaigns decades. All candidates try to perform their points of view. One of the most questionable questions is if the costs for the education are not too high. Augusto Pinochet cancelled large part of free public education in 1981. All former plans related to this issue were reversed or unfinished. According the figures we mention in the paper about 1 000 000 students have debts and many of them are forced to leave university. Is it really good for the future of the country? Will be country to find real smart leaders in the futures. Those are only two of the questions discussed in the country. Educational reform was also one of the topics of program of former president Michelle Bachelet. From 2016 is high education in the country official free – in reality it depends on the GDP. Officially tuition fees can pay only student belonging to 10% of the richest families in the country. Educational reform in the country is broader – it is not only about fees. I. e. according figures about 66% of higher institutions have no accreditation. Accreditation should be compulsory from 2020. Those are only few of the issues connected with reform of the education in Chile – it also includes quality of education, methodical approaches, network and accessibility of the schools and universities.

Keywords: reform, education, quality

JEL classification: M1

INTRODUCTION

Chile is one of the most developed countries in Latin America. As the member of the OECD it is officially part of the “rich world.” But as other developed countries it still has to face social

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challenges – reform of social politics, building of infrastructure, health and education reform. Looking at Figure 1 it is obvious that there is some skepticism about reform programs as country GDP slowed down from more than 5% few years ago to 1.5% on 2017 - as is coping with regional trends (Argentina, Colombia, Peru etc.).

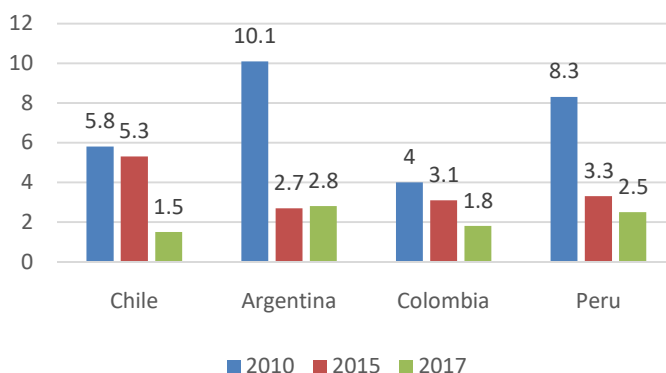


Figure 1 GDP growth (annual %)

Source: <https://data.worldbank.org/>

As our paper deals with educations, let's have a brief look at two other figures – literacy rate and government expenditures on education (Figure 2, Figure 3). Literacy rate is above 96% and is among better in Latin America (although that of Argentina is more than 98%). What about governmental expenditure on education it is better than i.e. that of Argentina, Peru or Colombia – but despite that the country is still facing big challenges in that area.

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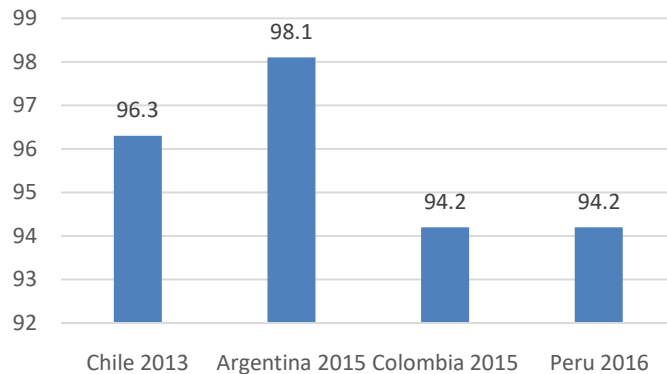


Figure 2 Literacy rate, adult total (% of people ages 15 and above)
Source: <https://data.worldbank.org/>

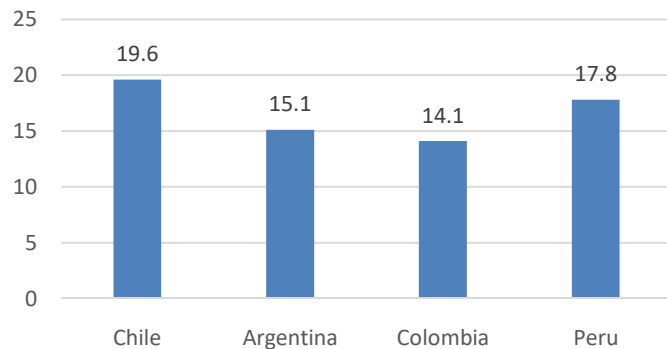


Figure 3 Government expenditure on education in 2015, total (% of government expenditure)
Source: <https://data.worldbank.org/>

1. RESULTS

Chile is the only country of South America that is a member state of the Organization for the Economic Cooperation and Development. But although it is one of the most developed

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countries in Latin America and America as a whole, it is still one of the most unequal countries. Those discrepancies are clearly seen in education (often seen as market-based education system that has legacy in the period of Pinochet dictatorship between 1973-1990) and in the attitude in education sector during past almost 40 years. As the result of the privatization of school system in Chile only 37% of students were enrolled in public schools in 2015 (80% in 1980). The fastest growing sector was private schools with public subsidies in 2015 (56% of enrollment). Student also paid tuitions – it meant that student bought education that he could afford and more – about 44% of students (mostly from poor areas) did not complete high school. The best universities can afford only rich family. NGO organization Educación 2020 was talking about “educational apartheid” (Achtenberg, 2015). According to education reform proposed by former president Michelle Bachelet in 2014 and 2015 free school system should be introduced gradually (benefiting the majority of the poorest students).

Let’s continue with a brief look at the research of Maria Arrango, Stuart Evans and ZaitunQuadri .Education Reform in Chile. Designing a fairer, Better Higher Education System. According to Maria Arrango, Stuart Evans and ZaitunQuadri “Chile must first correct failures in its largely market-based education sector in order to drive increased attainment for all Chileans.” (Arrango et al., p.7). The problem is also quality of education in different types of schools, in different regions of this South American country.

Education in Chile changed during last 20 years. As Arrango and her colleagues write higher education enrollment increased from 14% in 1990 to about 50% in 2011 (Arrango et al., p.9).

What about types of higher education institutions there are different to models known in the most of European countries. This system consists of universities, Professional Institutes and Centers for Technical Training. Chile had traditionally even only eight universities. Now they are called eight traditional and they are the most prestigious in the country. After Pinochet education reform in 1981 17 more universities were added (as the results of transformation of faculties and units of eight traditional

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universities). All these universities now form the group called Consejo de Rectores de Universidades Chilenas. Now the system consists also from private universities (about 80% of students is enrolled there). Total number of all universities in Chile is about 60 now. Not all private universities have institutional accreditation. It was not necessary in Chile to have accreditation as the precondition for providing of university education (compare: Arango et al, 2016).

Maria Arrango, Stuart Evans and Zaitun Quadri in their paper also point out the necessity of university education in regard of position on job market. As they wrote, in 2011 84% of people with university education had job comparing to 60% of those without university education. Salaries of those with tertiary education were 160% of those with only secondary education. (Arrango et al, 2016).

What about selection process, it is different – the universities that are part of Consejo de Rectores de Universidades Chilenas and some private universities use single admission test – Prueba de Selección Universitaria. Other private universities have interviews or they consult results of secondary education.

So what was the main problem? There is enough universities. It is clear that with university education it was much easier to get better paid job and mainly to find job. The issues were two – quality of education and access to universities as it was too much expensive for a large part of Chileans. This question was the issue of many students, teachers and more generally – public protest from 2011 in Chile (the student movement became highly organized in 2011-2013 and its pressure forced out politicians to prepare real education reform). And although some work was done, process of transformation of education in Chile is still not completed.

Those are the demands of students protest in 2011 (Arrango et al, 2016):

- Increased support for public universities
- More equitable admission process to prestigious universities

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- Free public education irrespective of socioeconomic status
- Ban profits in higher education
- Improve accreditation process and end state support for poor quality institution
- Student representation in decision making bodies

The situation repeated in 2014 when president Michelle Bachelet performed her proposal (one of her election promises) with the intention to stop making profit from public money by universities (reform based on the system of vouchers – but in reality majority of students has to pay still tuition fee so student from low-income families cannot afford prestigious universities also after this proposal).

Bachelet reform (gratuidad program) counts with free education for low and middle income students. The costs are reimbursed to universities by government (although according to universities the money from the government do not cover real costs). But not all the colleges are eligible to participate. Some of them even decided not to participate in the reform (although public schools have to be part of the program, private institution can choose if they want to participate - but they can participate only if they meet accreditation criteria). Public universities have to waive tuition all eligible students (those with low income). (Delisle, Bernasconi, 2018).

Protesters against Bachelet reform asked for free and quality education for every Chilean. The intention was to end with highly-privatized school system in Chile. According to students Chilean school system (probably the best in Latin America) is unfair as poor students can afford only under-funded and not quality schools. (Chilean parents, 2014). But not all players criticized Bachelet reform. According to the NGO Educación 2020 Bachelet law “changes the Chilean education system, the most commodified in the world, by transforming education from a consumer good to a social right.” The student movement did not agree. According to it, it did not stop with profit system of Chilean education system as it “do not break with the logic of neoliberal education system.” Students insisted that the only way was to “complete re-

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nationalization and return of education to public sector” (Achtenberg, 2015).

There was some skepticism in the words of Council on Hemispheric Affairs about previous attempts of president Bachelet as her first educational initiative is older. They think that “although President Bachelet educational reform is intended to alleviate certain discriminatory practices that prevent low-income students from entering institutions of higher learning, the continuation of Chile’s market-based strategy for school financing will almost certainly guarantee existing inequalities.” (The Failings of Chile’s Education System, 2008)

CONCLUSIONS

The main task of Chilean universities is of course quality of education and access of the tertiary education for all. As recommendation we can use some of those proposed by Maria Arrango, Stuart Evans and ZaitunQuadri (Arrango et al, 2016) in their paper we mentioned our paper before:

- Requirement of accreditation for all higher education institution
- Periodical institutional accreditation
- Introducing of sanction for all low-quality institutions
- Reforming of selection criteria to promote equity of opportunity
- Enforce price controls to keep tuitions low
- Conducting periodic re-assessment of the maximum price threshold

Chilean higher education system faces real challenges nowadays. The intention of the reform of Michelle Bachelet was to simplify the access at the universities for low-income students. There is no doubt that there are more low-income students than it was few years ago. But as only about half of the universities participate at the program Bachelete reform should be only the first step for complex educational reform in the country.

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THE ENVIRONMENT OF STUDYING IN THE PROCESS OF BETTERING THE EDUCATIONAL SYSTEM

Marijana Radevska¹
Slavce Temelkovska

Abstract

The need of having changes which leave behind the traditional way of education in which studying the facts and memorizing informations was the most important part is the answer of economic changes, world trends in the education who initiated the need of changes in the education system. In which the goal is improving the quality of the education. In that process of bettering the education system the attention is on the environment of studying and its affection on the whole educational system. The environment of studying isn't only a total of social and cultural conditions in which the student is progressing, but the space and people who are involved in it. The making of this environment not only helps with the progress with the education system on a level that will serve the needs of the 21st century. The main target of the progressing in the education system have the teachers which are directly involved. The teachers should inspire the students to explore the world, to support them in asking questions and looking for answers and to challenge them to understand the complexity of the world.

Keywords: teacher, studying, environment, motivation, strategy, education system.

JEL classification: M1

INTRODUCTION

The process of forming a person requires his foundations in the beginnings of the educational process, because what one student acquires in his beginnings of education affects the integration of the society, and this is very difficult to change in the further course of his development. For his personality and learning process, the positive influence is played by the positive atmosphere in the learning process. From here, the question arises as to what is learning and what is the role of the environment that can influence the successful development and integration of the person in the op

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the school ?, questions that can encourage a search for new answers.

1. WHAT IS LEARNING?

Learning is a psychological process of behavior change based on the acquired knowledge, experience, habits skills and abilities. It is a process that is not limited in a certain period of life, but a process that leads the society forward or, in a word, learning is the heartbeat of but for it to be successful it is necessary for the student / students to be able to self-critical attitude, that is, to introduce powerful habits of the mind for creative thinking and empowerment of their knowledge in the 21st century.

In improving the educational process and the student, but also his teacher should contribute in creating a pleasant atmosphere for successful development.

1.1 DIFFERENT LEARNING OBJECTIVES

*"The average teachers speak good teachers explain,
great teachers demonstrate, best motivate, and inspire"*

William Arthur Ward

- In the 21st century, teachers through the entire educational system should provide students with different roles and through these roles children should achieve the set goals:
- to critically reflect and reflect this in their actions, linking the previous knowledge with the new;
- to solve problems and to come up with alternative solutions to the problems that will arise, realizing the problem as an opportunity for discovery;
- to observe and develop skills that will transfer their observations and ideas;
- To actively listen, to learn to focus their attention and to become compassionate listeners;
- to be able to form and communicate their own ideas and opinions across different media as organizers, children will plan their learning and will responsibly apply their decisions;

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- learn to be partners, to cooperate and to take into account others' attitudes and views;
- learn to believe, to care for each other because they are interdependent.
- Teachers expect children to try out all these different roles. They transfer ideas to children in various ways, but first by creating an environment that will give children the opportunity to try all of the above roles.

2. LEARNING ENVIRONEMENT

"The learning environment refers to different physical locations in a different context in which students acquire their knowledge. Where the student / student acquires knowledge inside and outside the school, but this term mostly applies as an alternative to the traditionally spoken room with benches chairs, culture that represents culture, the relationship between students and teachers as educators of the education system."

The definition of the learning environment may be different and defined and addressed at the social and cultural level. This definition also includes cultural and behavioral dimensions including emotion and the attitude towards learning that makes learning more interesting.

2.2. WHAT FACTORS AFFECT THE LEARNING ENVIRONEMENT?

Developing the learning environment for students is the most interesting, but also the most important part of the educational process. The development education trend especially focuses on the institutions in which the main link is the school, that is, the classroom in which students acquire knowledge, the technology that is the source of knowledge, the teacher and the methods he uses to develop the educational process.

Studies on the average of learning and personality show that each person possesses a certain innate talent which during the education process needs to be discovered and thrown out onto the

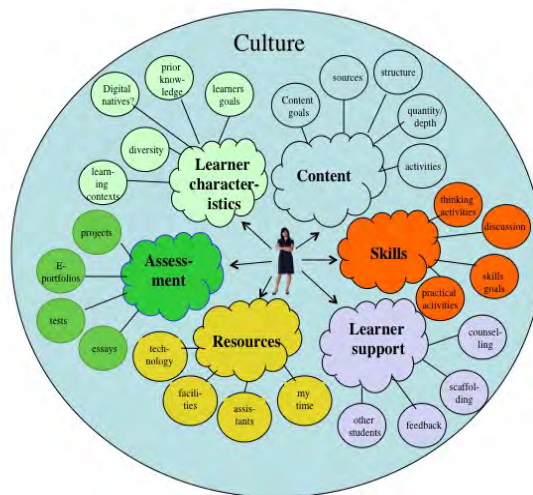
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surface. The theory of the intelligence aspects represented by Gardner opens the door to wide and numerous strategies for and offers teachers the opportunity to develop innovative strategies for working with students and to understand the development of different types of intelligence. *The theory of different aspects of intelligence indicates and that there is no single strategy for teaching that correspond to every student* ..so there is not a student who owns whom are equally developed all kinds of intelligence simultaneously or only one kind of intelligence. And precisely because of this one should pay attention to the organization and management of the classroom in order to achieve a natural learning environment. Students need opportunities to develop their own intelligence and talent. The question that arises is how can schools and teachers be directed to the student and prepare students to succesfull for the ten years to come when they will inspire someone? We need to adapt the view of Jhon Dewey who says that education is actually the very life itself.

(Education is not preparation for life; it is life itself)

We need to understand the dynamics of learning and develop a practice that will follow this dynamics. It is precisely for this reason that we will look at the fact that for a successful educational system there are different types of environment that influence the intelligence, and also each student.

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Picture 1.

2.2. TYPES OF ENVIRENEMENT ANT THEIR IMPACT OF LEARNING

Imagine spending the day in a place where you feel unwanted, rejected and without any value. Simply told, you are none and nothing. Think about the role of the student and imagine how self-defeating this condition is? It is from this example that we should begin to discover the types of environment and their influence on the educational process. That is why, in the numerous studies that have started since the very process of learning, several types of environment have been defined, and at the same time its impact on learning

➤ *Emotional environment*

Creating a positive environment in which a teacher plays a major role is essential. The primary responsibility of each teacher is

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to make sure that there is no careless or discouraged child in his / her classroom. Everyone knows his place and feels that he belongs right here. The teacher is the one who creates an atmosphere in which the student feels welcome, confident and willing to share his knowledge. The teacher who uses humor in the process of teaching and sharing knowledge with his students creates a positive atmosphere.

The environment created by the teacher gives students the autonomy to receive, be aware of their own learning, their importance and their success in their own domain. The teacher plays the main role in offering the environment (conditions) that will motivate the students to give them confidence and desire to acquire new knowledge. The environment in which the role is most important should be an incentive for independence. Today, the 21st century, an era of enormous sources of information would be impractical if the student is not properly directed towards their rule using. Studying should be interest in personal improvement and contribution to the society and not just a battle for grades. Hence showed the importance of the environment in the educational process and the role of the teacher in him.

➤ *Physical environment.*

The environment plays an important role in the educational process, referring to different locations, the culture in which the appropriate education is acquired

The physical environment is actually the classroom, walls the music that creates a successful working atmosphere. The classroom is the environment that is extremely important for both the student and the teacher himself. Starting from the color of the walls, the organization, the decor of the benches, the benches give a different impression to the students themselves for easier studying of a given subject. The classroom or traditionally speaking the benches and chairs set up as mentioned above is a crucial factor in the learning process.

In the educational process of 21, it is already a feature of the ethnos, the culture of the school, the individuality, the integration and the process connected between the student and the teacher, the

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school ministry that leads the same that can be further considered as factors that influence the learning and educational process.

➤ *Selfrespectedenviroment*

To acquire knowledge is in fact a place where students feel respected first and foremost, respected by the teacher and the whole organization. Interaction and respect always create an atmosphere in which the student is motivated to learn and upgrade. The ratio of students to each other, and at the same time the relationship between students and adults and the positive influence can be verified in the work of BergonnierDupuy (2005) -c'estl "interaction

No one should feel rejected, ridiculed, or possessed by fear. It is only a refusal to learn the process of learning.

Ryan Adaons in the 1999 analysis published the fact about the positive environmental impact of the educational process (Wegener 1987) and confirms the fact that the positive environment in which the old traditional process based on short questions and answers is to be removed , memorizing certain facts.

3. HOW DOES A POSITIVE LOCAL LEARNING BUILD?

As a teacher directly related to building the educational process, creating a positive atmosphere is the basis for motivating students in the knowledge process. Being a teacher in the 21st century is a kind of guide, a trainer, rather than a classical dictator who will require a student to list facts that they will know at the moment and nothing more. In the education process I gained students who did not always accept each method, but there are different types of methods that everyone will adjust and emphasize their potentials. Some bar teachers a piece of mirror that would stand in front of every student, as a snare to anyone to know who it is and to encourage its importance in the learning process, but because I worked with a smaller group of students in order not to get any unwanted injury, I asked each student to participates in the preparation of the rules of our classroom, (5-6) rules, written on his side and placed in a certain part of the classroom as he himself would know what his responsibilities and duties are, but also that

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he also contributed to the positive influence in our learning environment. The tolerance and support that the learners always received in the learning process increased and what my students offered to them was only increasing their potential. But that was not enough for success if I did not use different strategies, first of all by organizing our "Learning corner "and then by highlighting a few basic instructions that I emphasized on a daily basis

- Freedom of expression and expression of one's own opinion (a crucial role in highlighting their potential)
- Celebrating every success achieved
- Recognizing the potential of each student and asking for a way to show it
- Respect and interact with each student
- The feeling of being successful and useful after each completed hour
- Using different methods in the teaching process
- Direction of using e-materials and using e-library
- Group work - research

elements	Characteristics
Ideas	Specific
People	Quality relationship between pupil-student; pupil-teacher: adult with an adult A special focus on the teacher-student relationship
Time	timetable
Place	Psysicalenviroment
Source	Specific materials, situations, people through which students would gain experience and solve problems

1

Table 1

Adult Learner Need	Positive Learning Environment – Actionable Items
Require learning to be relevant. Are highly motivated if they believe learning is	Ask students at the beginning of the class what they would hope to accomplish with the completion of the course. This not only helps them identify the relevance of the course, but also gives them a sense of responsibility for their own

¹Exploring your role Chapter 5-Yango & Isenberg, Pearson education

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relevant	education. This sense of responsibility is an intrinsic motivator Through the use of class participation, or reflection type activities like journals, have the learner relay how a course concept can be used outside of the classroom. Need to be recognized as individuals with unique backgrounds, experiences and learning needs Must maintain their self-esteem Have high expectations for themselves and their trainer Have personal needs that must be taken into consideration
Need participation and active involvement in the learning process	See posts about active learning by clicking on the Active Learning category in the sidebar.
Desire a variety of learning experiences	Ensure you use more than one form of instructional strategy. Ensure that you mix both group and individual activities to create a balance and to satisfy different student personalities. For example, group work and individual reports. Consider other factors, like Group work that is comprised of a presentation component, and group work that involves only in-group discussions.
Desire positive feedback	Let students know when they've done a good job, that they've brought up interesting points, that they've asked good question or that they're on the right track. If constructive feedback were only created, students may focus on where they are lacking and not also where they have done well. This can affect their self esteem.
Have personal concerns and need an atmosphere of safety	Involve the learner in creating this atmosphere. Have discussions about what kind of classroom atmosphere would be ideal. This creates a sense of commitment to that type of environment for all learners. You may also decide to show an inspiring video like the one at the top of the post.
Need to be recognized as individuals with unique backgrounds, experiences and learning needs	validate their experiences. Adult learners bring varying experiences into the classroom and their perspectives are shaped by their experiences. Ask them questions in relation to course concepts. Let them know how valuable their experiences are in enhancing learning for all.
Must maintain their self-esteem	Do not criticize learners. This is related to positive feedback and validation.
Have high expectations for themselves and their trainer	Can have course activities around what they are expecting from themselves and from the instructor in the course.
Have personal needs that must be taken into consideration	As an instructor, we must understand that the adult learner has other commitments like family, health, work, etc. Discuss course expectations like the number of hours per week to commit and provide sample schedules to illustrate

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CONCLUSION

We live in a world of change, an era of technology and development in which the educational system of the traditional society should be knocked out, and the new educational system is constantly upgraded. The upgrade is not only in the knowledge of teachers, but also in the way they transmit what they have acquired to create their future leaders, successful individuals who would continue to build on themselves in everyday situations. Being a teacher does not mean being the only one who tells and imposes questions, but also one who is constantly open for feedback, answers, experiences. Starting with myself as a teacher, sharing the experiences from the writings of the authors, which I mentioned several times through the work itself and my experience, I can follow up and supplement that successful hour is not just give up your knowledge. But be direct, explain the most important questions Why? where? like? and not because "I said so". Create an environment in which everyone will feel useful and successful, motivated to learn something and contribute to themselves and the environment around him.

Be what Mari Nosal has long given as an example in one's work, enough to understand the role of the teacher as an environmental creator in the learning process.

"Take them in the example birds. You are the mother bird that teaches her helpless little chick to fly. Not physical. It only shows and explains how while he is powerless, and then observes how he is involved in his independence thanks to the experience he has shared with him. She wants her little girl to become independent "

Children learn from the methods we use. The development of classroom rules as a team has proven successful among students. Respect for self-determination, the style is controversial in the 21st century. Characteristics that each one should respect and accept the other with them.

Children learn from their mentors, but also those of them. My job, and the other teachers, is to succeed in creating a positive climate, a learning environment in which students will be motivated to acquire knowledge, to complement to succeed in this

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era of rapid development, following us as mentors, and at the same time we treat them as our future heirs. Teachers should show the students how to be independent and successful learners. According to Swahili, "The best thing we can do for others is not to share our wealth with them, but to teach them to discover the wealth in them." We need to know that when it comes to improving learning success, the interests, talent, expectations and hopes of children are better motivators than the goals set by teachers.

In the 21st century, the school should meet the needs of children to be their life, not preparation for life, to meet their expectations, and not vice versa.

Successful teachers are those who have brought their grade to a state where they can say "My students will continue to work on the given activities, whether I am with them or not." Maria Montessori

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PRINCIPLE'S LEADER COMPETENCIES IN THE FUNCTION OF REALIZATION OF QUALITY IN THE EDUCATIONAL ROLE IN PRIMARY EDUCATION

Snezana Petreska¹

Abstract

As a separate activity and a relatively new phenomenon in perspective of organization, leadership competencies in educational institutions are becoming more popular for the researchers. This stems from the fact that the leader, with the value system he owns, is the key element that positively influences the behavior of school staff.

Setting and achieving the aim, is a result of the conditions in the school, created by the leader, in which the mission and the vision of the school are accomplished and the quality of the educational process is highly improved.

Implementation depends on the performance system of the leader, who is one of the main links that can positively and efficiently affect the work of the employees in the school.

A principle with the highest competences is directing the realization of educational work in the school and is trying to use the best resources for a successful work of the organization.

The aim of this paper is to give a perspective of understanding the most important values of the leaders in the organizations, with particular reference to leaders in educational institutions.

Keywords: school, school principle, leadership, decision-making and problem solving, competencies, model-modeling, human resource management (professional development).

*JEL classification:*M1

LEADER ON THE FUNCTIONING AND DEVELOPMENT OF THE ORGANIZATION

Leadership is one of the most difficult areas of social science research. Most scientists agree with the notion that leadership in itself involves administration and management. Leadership is linked to democracy, equity, participatory decision-

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OPEN TOPICS RELATED TO BUSINESS EDUCATION

making. According to some perceptions, leadership is not forcing decision-making, rules, or policy-making. Leadership is strongly influenced by personal and organizational factors as well as by factors of the environment. It should be noted that leadership begins and ends with people: with their aspirations, feelings, motivations and the way they communicate. Knowing one's own weaknesses is part of good leadership (Petkovski, 2010) .

Leadership is a dynamic process in the work of the group, with one individual influencing the other members of the group to feel prepared and responsible in achieving the goals and fulfilling the tasks of the group.

Leadership involves guiding others with influence-built-in authority and a personal example, "walking in front of them " , and helping them achieve success (Micevski, 2009) .

The necessity of leadership lies in the dynamic development of today's human society, characterized by rapid, very numerous and turbulent changes, both in micro and macro-environment.

In fact, this turbulent time requires leadership that prefers high-performance in the complexity of which, a paradoxically intertwined mixture of excellent, individual modesty, professional strength and charismatic attractiveness. In this section , for example, there is a brief overview of theories which from a different aspect, depending on the priority of the basics and the variables, they reflect the behavior of each one in its own unique way, in which the different perceptions are brought to light, and the common elements are summed up of the exaggerated theories.

The success of the leader depends on the personal characteristics of the leader. Some people possess certain qualities, certain management and management features make them "by nature leaders". Numerous research, aimed at determining, revealing the qualities of leaders, has shown that there is no strong correlative dependence between the personal characteristics of the leader and the successful leader. Namely, research has shown diversity in the personal characteristics of high-performance leaders, the ability to be a leader is not genetically predetermined, so "the leader is not born, but is created" (Adzic, 2007).

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The characteristics to which the observation was initially targeted are the following:

- the physical characteristics of the leader (appearance, years of age, height);
- personality character (self-esteem, emotional stability);
- the capabilities of the leader (intelligence, creativity, communication, etc.).

The mentioned features are only a condition that equality, if more or less possesses these characteristics, is likely to be a successful leader, but this is not a guarantee that the success will be achieved only on the basis of the fact that the person possesses the specified characteristics. This stems from the fact that the leader in a certain situation can be successful, and in another situation unsuccessful. This leads to the conclusion that the success of the leader does not depend solely on *personal characteristics*, but depends on the *situation in which the leader is acting*.

Leadership is one of the most important aspects of governance. The ability for successful leadership is an important feature that has to possess anyone, regardless of which organization they lead. The essence of leadership is the followership. In other words, the readiness of people to follow someone is what a person makes a leader. It is one of the managerial functions geared to guiding what needs to be done. The successful execution of this function, each principal of the school creates an environment or working climate as "healthy soil that give ripe fruit". Nowadays, the school principal has extended rights, but with increased risk and responsibility.

Recognizing that one universal theory of leadership can not be established, which would be based on the personal characteristics of the leader, the attention of the researchers is directed towards other variables, that is, the conduct of the leader, that is, analyzes the activities and things that the successful leaders perform (Agic, 2007).

Research done in the 1950s can be divided into two-way surveys:

- 1) The nature of the work and

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2) The behavior of the successful leader.

3) Structuring

Studies at the University of Michigan have identified three types of behavior of the leader:

1) behavior oriented towards the fulfillment of tasks;

2) Behavior oriented towards interpersonal relationships

3) Participatory management.

Power is the ability to influence the behavior of others, that is, power is the ability to deploy human, information, and material resources. This ability is necessary for the quality performance of certain activities necessary to achieve the set goal of the organization. The instructive way of looking at power is to distinguish between the following:

- *over power* - the ability to dominate ;

- *to power* - the ability to act freely and

- *from power* - the ability to resist the demands of others (Micevski, 2009) .

Emphasizing the word ability, leads to the creation of a contrast between power and authority. Namely, authority is a sanctioned privilege that can produce results, but it does not have to. The contrast of authority is the power that represents a demonstrated ability that ends or ends with a desired goal.

Someone can:

- possesses authority, but there is no power;

- no authority, but have no power or

- to have authority and power.

The researchers who advocate the theory based on the power and influence of the author, in the focus of their research, have the leader and direction of the forward one-way influence: "leadership action-reaction of the subordinates." As a result of the researches, directed towards the stated direction, the waters are separated five types of power (Jones and George, 2000) :

1) Legitimate power;

2) Reckoning power;

3) Forced power;

4) Reference power;

5) Expert Power

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Or shown vividly , they would look like the picture below :

The more important information and the fewer people have access to it, the greater the level of expert power the individual possesses. Generally speaking, high-performance leaders have a certain power and not any power, but a power that will positively impact on employees, which means that there should be a high level of expert power and reference power, that is, the power that gives it its real -factual authority.

The style of leadership is what characterizes each leader and makes it recognizable, both within the organization and outside it, in the wider environment. Leadership styles contain and interconnected very complex and complex aspects of his personality, expertise and training for practicing leadership (Adzic, 2007)

In this respect, in order to emphasize the high-performance leadership style, we will briefly look at two well-known styles: *Classic style* and *contemporary style* .

Classic style

The classical style is associated with the first leadership studies that examined the impact on the behavior and performance of the leader, based on three types of leadership styles, and are highlighted throughout the literature (Adzic, 2007):

- 1) Autocratic (authoritarian)
- 2) Democratic and
- 3) Liberal leadership style.

➤ ***Modern style***

According to contemporary concepts, different leadership styles are not equally effective in different situations, which means that no one style can be effective in all situations. Effectiveness of leadership is influenced by factors such as:

- The characteristics of the task.
- Characteristics, expectations and behavior of employees
- Organizational culture and organizational policy.

The influence of these variable factors is volatile and makes it impossible to act through a specific leadership style, and therefore require the application of that leadership style that in the given situation will contribute to achieving high effectiveness. This

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means that the use of leadership style should be based on contingency, which means that in a given situation one style will be applied, and in another style of leadership, in order to achieve the goal of the organization. The modern leadership style is based on a contingency approach when considering effective leadership styles

In the literature, four models of leadership based on the contingent approach are most studied:

- 1) theFriedler model
- 2) Hersi-Blanchard model
- 3) House model and
- 4) Vrom-Yeton model

In this regard, some authors point out that a successful leader is one who adjusts the style with the existing situation, in order to maximize the productivity and satisfaction of people (Micevski, 2009).

Education is an important area for the whole society, and in today's democratic society, democratic governance and school management is important (Gocevski, 2007).According to TraianGocevski (Educational Management 2007), the successful functioning in educational institutions is working to rely on modern management and building managers and management teams that primarily è will be able and wear problems in market conditions. Managers should be trained with è in order to shape the work of the educational institution, then to coordinate the work and relations with the environment, to initiate changes in order to maintain the stability of the institution, to know how you motivate the employeesin order to achieving much better results in the institution, enabling circulation of information, being able to play the role of a " head " in the house and negotiating, both inside and with external partners and organs.

The principal is part of the pedagogical management, he is obliged to respect and meet the pedagogical tasks in school and beyond. The tasks of the principal can be divided into two groups: Pedagogical - instructional group and administrative - organizational task group (National Program for Development of Education in the Republic of Macedonia, 2004).

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Pedagogical - instructive th group tasks include the obligations and responsibilities of the school principal stating that he should organize and monitor implementation of the curricula, to actively participate in the planning and programming of all forms and areas of educational - th educational work (teaching, leisure activities, etc.), and in recognition of the proposal for the distribution of cases of teachers and duties, and about leisure activities and work in different working groups, committees, with Ruchni assets and others. Principal should participate in the preparation of the analysis of student achievement ALT PR is a member and chair the Teachers Council and class / Council of the school year. In fulfillment of the obligations and managing principal shall prepare and propose the annual work program of the school, take measures for its implementation and submit a report on the work, success and post Ignat results in educational - educational work to the Bureau for Development education and the Ministry of Education and Science .

The principal's work should be directed towards the promotion of all segments of work and the achievement of the goals and tasks of upbringing and education.

The Deer Ector organizes the educational work in the school. The principal, as head of the school, works globally on:

- Administrative organizational and
- Pedagogical - instructive work

Within this area, the principal appears as the organizer and initiator of the overall work in the school. As a managing authority, it implements the guidelines and decisions adopted by the governing bodies (School Board, professional bodies, Teachers' and OD councils, departmental managers, professional bodies). All of this is contained in the Principal's Work Program, which is attached to this paper.

The principal and then, analyze and assess the work of teachers, inspect classes to determine how to plan, implement and interpret the teaching material and use various teaching methods, forms, tools and materials. On the basis of the obtained knowledge, the insights and the acquired knowledge, from the contemporary pedagogical theory and practice gives the teachers and teachers

OPEN TOPICS RELATED TO BUSINESS EDUCATION

(and especially the younger teachers) advice on improving their work and in their professional pedagogical training and improvement.

The principal should also be engaged with the analytical and educational activities of the school. In collaboration with professional th office in the school, vocational activities and teachers, he participated in various research, analysis and implementation of educational innovations, curriculum, types of planning, the involvement of students in various activities, their progress and achievement Neuve Anya, their views , position, difficulties, crises, conflict situations, etc. The school principal, collaborating directly with pedagogical services, the Ministry of Education and Science and other schools, professional and scientific institutions.

The notion of a principal, as a leader in the school, should be understood as a function performed by an individual in an organization, that is, a title that a person carries while performing a certain management role at one of the higher managerial levels (Gamage and Pang , 2003) . It is correct to say that the role of principal encounter different individuals with different abilities and skills, different with in order their style of behavior. The school principal, as the leader of such organization, to perform it successfully, its function should have certain performance.

The bearer of the leadership function, the managing authority in the school is the principal. The principal represents the school and is responsible for the legality in his work, the material and financial work. The school principal organizes and Jan. manages educational and other work independently make decisions that fall within its competence, determined by the law and regulations of the school and represent the school to others. The principal, in the role of a leader, sets the goals of the school, builds relationships with employees, students, their parents and other social partners. As a leader the school principal plans, organizes, manages, manages, motivates, coordinates, and builds a good school climate, and so on. Principal as a leader in the school needs to know what is and what leadership means in practical to be a successful leader. He is about to focus the school on making the learning environment, the

OPEN TOPICS RELATED TO BUSINESS EDUCATION

choice of an adequate style of conducting and preparing a plan for implementing the teaching and for its continuous monitoring and evaluation.

There is no doubt that the principal is the "first" person in the school and depending on his qualities, moral principles, the high performances he owns will depend on the success of the school itself. His work and performance are always under scrutiny on many factors that are directly or indirectly part of the upbringing - educational system. Monitoring the high performance of the principal is done formally and informally.

The formal monitoring of the Principal's work is carried out by the State Educational Inspectorate, the Ministry of Education and Science and the municipality where the school is located. In the last few years, the Macedonian education system faces significant reforms aimed at redefining the system for quality assurance in education and making the actors in the system more responsible. Most of the mechanisms that are being set up aim to set specific standards and criteria for achieving, as well as to strengthen the responsibility of the teaching staff, professional service and indirectly to school management. The most comprehensive tool for assessing the overall quality of schools, and thus the success and high performance of the director, are the integrated evaluation and self-evaluation. Informal assessment and monitoring high performance principal of the school, daily present among students, teachers, parents, the local community.

The pupils, as the most important segment in the educational process, apart from assessing the qualities of teachers who teach them, often discuss the qualities that the school principal has. Yes, he should be an authority in the school, but this should not be associated solely with respect for his personality. The high performance of the director should include his openness towards everyone in the school, and also towards the students. They should have a sense of security and an opportunity to always address him on any questions.

The teachers seem to assess the work of their supervisor most, and thus his performance. They should conscientiously fulfill their job by knowing that they are always supervised by the

OPEN TOPICS RELATED TO BUSINESS EDUCATION

professional service and by the school principal. If the director becomes indifferent to their work, this may reflect negatively in the educational process. The high performance the director has will improve communication with his employees to be at the highest level, which will enable mutual respect from both parties and the success and prosperity of the school in all fields.

The necessity of evaluating performance, especially by principals, above all, are characterized by sustained success, innovation, both in quality and in meeting the needs of employees with a focus on constant improvement of the quality of education based on teamwork, clear connection between training and development and organizational goals, as well as support in organizational and individual learning. To achieve these characteristics, in the work of principals, certain preconditions should be provided.

The leader encourages change and, in order to be effective, he should be able to transfer his ideas to other people. Given the fact that the leader guide others, he should above all è to know yourself you. In a figurative sense, the leader is an architect who in January formed the culture of the organization (school). In schools, as an organizational system, the school principal has the role of a leader. The position of the director obliges and gives him the opportunity to manage human resources and play multiple roles that he should fulfill, for better working conditions in the school. To this end, as a special emphasis, in the research, is given to the characteristics of the leader, to what he differs from the others, as well as to the role of the high-performance leader in the schools as the bearer of the function through which through his influence performs effectuation on the rest.

CONCLUSION

Apart from the main goal of the research, which I believe is fully realized, from the conducted research I can conclude that the performances, to a large extent, influence the governing structures in the education. The Director, as the bearer of a large part of the responsibility for adapting the school for managing changes, has a

OPEN TOPICS RELATED TO BUSINESS EDUCATION

difficult and responsible task, and for whose accomplishments it is necessary support from within, in the school, and from all structures in the state, especially the institutions of education. The Director, as a leader in educational institutions, is responsible for initiating and implementing methods and techniques for successful school management.

In this case, the director could not respond in any way without cooperation with other subjects in the educational process, in the first place the cooperation with the employees of the institution it manages. The successor is the director who will succeed in creating a complementary team with a sense of united differences, differences that when united complement the weaknesses. All these moments once again confirm that the profession director is responsible and no simple profession. The director should have high performance in both personally and professionally. The profession director, as well as all other professions, requires the pursuit of a specific activity in the form of majors by individuals, trained for this activity. This speaks about the fact that the profession director includes specialty, activity subject to constant change and refinement, which gives a different light to the basic education of managers, but also to the needs of continuous retraining. What has the director and his performance as a specialist, should constantly be upgraded. Only in this way will you respond to the complex tasks that are part of his work. Throughout our whole life, we are constantly learning and upgrading ourselves. We gain formal and informal education and skills. Why are we doing all this? First of all, because we hope that one day all of this will benefit us. We come to a period when directors who have completed higher education find themselves at the crossroads where you can decide which way they will go further, in which area they will be finalized and specialize. Performance leadership should be part of his basic education to successfully accomplish all roles that are part of his profession. The educational system, in our country and beyond, should create a competent workforce, according to the needs of the labor market, the individual needs of the citizens and the needs of the state. The leader should be a kind of mentor and, if necessary, even a trainer

OPEN TOPICS RELATED TO BUSINESS EDUCATION

to other employees to enable the implementation of the instruments. The leader can help others coordinate school needs with personal upgrade and development needs. The director knows what is possible and is allowed in the school itself.

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POLITICS AND LEGAL ASPECTS OF EDUCATION

EVOLVING A NEW PARADIGM IN EDUCATION APPROPRIATE TO THE NEEDS OF THE 21ST CENTURY

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Gordana Serafimovic

Abstract

Education is our hope for a better future. As the Nobel Prize winner, Nelson Mandela said: "Education is the most powerful weapon which you can use to change the world." It is the best-known instrument for promoting human rights, democracy, reducing poverty and creating a mindful social evolution. No human being can lead a dignified life and build its own identity without education. In today's knowledge economies, it is a new currency for economic competitiveness, peace and prosperity. We live in the era of globalization and technology which is significantly transforming all aspects of our lives. However, the education as the most remarkable technology invented by man lags behind the modern technologies. New inventions emerge every day and instead of being a partner of these inventions, education remains static and modelled on decades' old approach. A new paradigm in education is highly needed for addressing the rapid changes and pressing challenges humanity face nowadays. Education should not be part of the problem with these positive changes. It should not continue relying on the traditional model of teaching by simply memorizing the facts when the everyday smartphones provide direct access to a mountain of information.

Keywords: education, paradigm, changes, technology, globalization.

JEL classification: K4

EDUCATION IN THE GLOBALIZED WORLD

Although the term „globalization“ was used for the first time in the field of economy, nowadays it is on everyone's lips affecting not only the economic but also the social, political and cultural systems in the world order. Therefore, for some authors globalization has

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POLITICS AND LEGAL ASPECTS OF EDUCATION

been a “magic” word that identifies and expresses change in every field, from economy to politics, from social policies to culture (Celik and Gomleksiz, 2000). Since its inception, this concept has attracted different interpretations and approaches, (many of them quite emotional), both in the public debate and among the scholars. There is no final consensus on globalization among scholars. Due to the complexity of the concept, various research projects, articles, and discussions often stay focused on a single aspect of globalization (Al-Rodhan, Nayef and Stoudmann, 2006). Among the notable definitions on globalization is Anthony Giddens’ definition given in “The Consequences of Modernity”, according to which: “Globalization can thus be defined as the intensification of worldwide social relations which link distant localities in such a way that local happenings are shaped by events occurring many miles away and vice versa.”(Giddens, 1991).

However, definitions on globalization are nowadays divided: apart from the authors who consider it as unavoidable attribute of the modern development and fruitful phenomenon, others see it as a dangerous phenomenon which has changed the world in negative ways and brought undesirable consequences to society, affecting its peace (Gupta, 2017). In describing both views, Jan Aart Scholte states that “Some people have associated “globalization” with progress, prosperity and peace. For others, however, the word has conjured up deprivation, disaster and doom.” (Ibid), Even it is blamed as a source of all contemporary ills (Bakhtiari, 2011). In the plethora of opinions on the issue, however, the ‘reality’ of globalization is rarely called into question: the growing interdependence between the parts of the globe, which is such that the effects of every action are also felt at a distance (Held et al. 1999), is something that can be seen in all aspects of social life (Cornali and Tirocci, 2012). Education is not immune to this influence, either, as the education has an important place in shaping a society. As the foundation and essential driving force of economic, social, and human development, education is at the heart of the change that is dramatically affecting our world in the areas of science, technology, economics, and culture (Bakhtiari, 2011).

POLITICS AND LEGAL ASPECTS OF EDUCATION

However, there have been growing calls that the education is no longer in condition to effectively respond to the current challenges and new societal needs in the “global village” thus it becomes part of a problem. Traditional structure of education must be sent in the past. In the Overview of the Post-Graduate Certificate Course in Future Education, the World Academy of Art and Science identified the major educational challenges with forensic accuracy: *“As it is widely practiced around the world today, it (education) still largely functions according to a model of pedagogy that predates the invention of the printing press and relies on a delivery system that predates the telegraph, telephone, motion pictures, radio, television and the Internet. It still emphasizes memorization of fact at a time when the ordinary smart phone provides instantaneous access to more information than any individual has ever committed to memory. It still fosters passive submission and obedience to authority at a time when the world needs individuals with the self-reliance, initiative and problem solving capabilities to fashion new solutions rather than merely regurgitate old ones. It still emphasizes getting the ‘right’ answers to questions based on prevailing theories when developing the capacity to ask the right questions may be of far greater adaptive value. It prepares youth for increasingly scarce salaried jobs rather than imparting the capacity to create new jobs through self-employment and entrepreneurship. It still fosters a highly competitive, individualistic mode of learning in a network society where cooperation and teamwork are the principal mode of work. It still fosters highly specialized, compartmentalized knowledge within narrow disciplinary fields at a time when the most serious problems issue from complex interactions between different fields of activity.”* (WAAS, 2015).

A new paradigm in education is highly needed for addressing the rapid changes and pressing challenges humanity faces nowadays. Future education must be made relevant to the rapidly changing needs of society, the increasingly sophisticated demands of the labor market, the growing shortage of attitudes and skills need to promote entrepreneurship and full employment, the values needed for social harmony and problem solving, and the

POLITICS AND LEGAL ASPECTS OF EDUCATION

individuality needed for leadership, independent thinking and creativity (Jacobs, 2014). Together with academician Alberto Zucconi, they identify the fundamental Contours of the Needed Paradigm Shift in Education:

Old Paradigm	New Paradigm
Subject-centered	Person-centered
Passive transfer	Active learning
Competitive individual	Collaborative group learning
Standardized competencies and Conformity	Customized, creative individuality
Information	Values
Abstract knowledge	Understanding & critical analysis
Mechanistic, reductionist thinking	Organic, integrated, interdisciplinary, & transdisciplinary thinking
Transfer of mental knowledge	Development of the whole person(ality)
Fragmented & compartmentalized knowledge	Contextual knowledge

In addition, even back in 1996, in Learning: the treasure within; report to UNESCO of the International Commission on Education for the Twenty-first Century, the Commission identified the concept of learning throughout life – the heartbeat of society, as one of the keys to the twenty-first century. The Commission has put greater emphasis on one of the four pillars that it proposes and describes as the foundations of education: learning to live together, by developing an understanding of others and their history, traditions and spiritual values and, on this basis, creating a new spirit which, guided by recognition of our growing interdependence and a common analysis of the risks and challenges of the future, would induce people to implement common projects or to manage

POLITICS AND LEGAL ASPECTS OF EDUCATION

the inevitable conflicts in an intelligent and peaceful way (International Commission on Education for the Twenty-first Century, 1996).

In these, for some authors, utopist calls for escape from a dangerous cycle, the role of the higher education is crucial. Higher education will contribute not only through the intellectual development of students and by equipping them for work, but also by adding to the world's store of knowledge and understanding, fostering culture for its own sake, and promoting the values that characterize higher education: respect for evidence; respect for individuals and their views and the search for truth (Gordon, 1999).

From this distance, it is certain that this world is going to be a world of uncertainties and will require answers to many newborn questions. Academicians are undoubtedly the measure of future and their role in shaping that future is revolutionary.

GLOBALIZATION, EDUCATION AND TECHNOLOGY

Training the workforce of tomorrow with the high schools of today is like trying to teach kids about today's computers on a 50-year-old mainframe (Gates, 2005)

One of the defining features of development today is the relationship between education and technology, stimulated by the spectacular growth in internet connectivity and mobile penetration (ITU, 2013). Digital technologies are reshaping human activity from daily life to international relations, from work to leisure, redefining multiple aspects of our private and public life (UNESCO, 2015).

This Progress is part of the so called 4th industrial revolution which we are entering (today) and the impact is going to be all pervasive and of much bigger magnitude than the previous industrial revolution (Zucconi, 2016). Effective education is going to be crucial, the fourth industrial revolution could be an unprecedented success if we will be able to manage the complex processes of this revolution and at the same time intentionally and effectively assure that each innovation, not only brings change but

POLITICS AND LEGAL ASPECTS OF EDUCATION

will also foster a more humane, sustainable and prosperous future for all (Ibid).

According to the Professor Keri Facer, there are two stories of the relations between education and all the technological changes which we face in the globalized world. The first story refers to the relationship between society, technology and economy: social and technological change in the twenty-first century means that we have to adapt to a high-tech, globally competitive world or risk economic and social oblivion (...) thus the, education's role is to orientate itself and its learners, as rapidly as possible, to adapt to this future (Facer, 2011). The second story refers to the education's relationship to the socio-technical changes saying that education is inert and fails to respond to these changes.

These twin narratives circulate widely in the education community, linking together visions of inevitable technological and economic change with the failure of educators to respond and adapt who have become familiar and banal parts of educational discourse (Ibid).

It is undoubted that the relation between the education and the new technological developments has to go in parallel. There are several key drivers pushing technology as a key component for educational system change, and these serve as central reasons that educators and education stakeholders should consider the growing relevance and implications of technology and technology-based school innovations (OECD, 2010):

- Technology can perform several key functions in the change process, including opening up new opportunities that improve teaching and learning—particularly with the affordance of customisation of learning to individual learner needs, which is highly supported by the learning sciences; The skills for an adult life include technological literacy, and people who do not acquire and master these competencies may suffer from a new form of the digital divide, which will impact their capacity to effectively operate and thrive in the new knowledge economy;
- Technology is an integral part to accessing the higher-order competencies often referred to as 21st Century

POLITICS AND LEGAL ASPECTS OF EDUCATION

Skills, which are also necessary to be productive in today's society (Groff, 2013).

To conclude: education is in the midst of a revolution. A revolution founded on the technological development. The new wave caused by this revolution offers the opportunity to create an educational model that is in line with contemporary but also the future technological demands. One such is the massive use of ICT, for instance the online learning which is considered the new trend in education to which the educational institutions must evolve and adapt.

CONCLUSION

We live in the globalized world. Because of the interdependence of countries in a wide variety of areas, the world we live in has become a global village in which villagers' lives can be influenced by events and processes that take place thousands of miles away. We are all affected by globalization: teenagers are wearing Nike, regardless of their nationality, ladies use Chanel, whether or not they are French, the men celebrate major events with Jack Daniel's all around the globe (Senouci and Kherrous, 2014-2015).

The global village is open 24/7. The economic, geopolitical and social relations in the world, as well as modern communication, technologies, the media and transport, which enable the rapid flow of information, people and goods, are both the cause that the local is now global.

Parallel with the process of globalization goes the process of the technological development. The digital technology has significantly changed the world in which we live. Computers, cell phones, integrated digital devices and internet have entered all the pores of our lives. However, the education still remains the most remarkable technology invented by man. Unfortunately, it is not in shape to be a partner of the new inventions but remains static and relay on the traditional model. Therefore, a new paradigm in education is very much needed. Academicians Garry Jacobs and Alberto Zuconi *identified the fundamental* Contours of the Needed Paradigm Shift in Education with great of accuracy. Undoubtedly the new

POLITICS AND LEGAL ASPECTS OF EDUCATION

paradigm will help education to cope with the challenges humanity faces nowadays.

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POLITICS AND LEGAL ASPECTS OF EDUCATION

ETICS, MORALITY AND HUMAN RIGHTS

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Abstract

Today there is no doubt that Human Rights are a guiding principle that describes certain standards of human behavior and are regularly protected as natural and legal rights in municipal and international law. They are commonly understood as inalienable, which one person is inherently entitled, simply because it is a human being which are "inherent in all human beings", regardless of their nation, location, language, religion, ethnic origin or any other status. They are applicable everywhere and every time in the sense of being universal, and they are egalitarian in the sense of being the same for everyone. What is becoming increasingly unclear is the moral dimension of human rights, whether it is directly related to them, and whether it arises from human dignity, which constitutes their basis. The text of Universal Declaration does not explain how one comes to know the dignity and worth of the human person and how this knowledge leads to the recognition of human rights. This does not mean that the text is of no interest from a normative ethics point of view. Suffice it to say, the idea of the dignity and worth of the human person requires each human being to be the possessor of certain values and this implies that each human being has the ability to know what is good and to deduce the implications of this knowledge for human behaviour. However, regardless of the full normative coverage of human rights, the moral dimension is questionable without their implementation.

Keywords: human rights, dignity, ethics, moral rights, values

JEL classification: K4

INTRODUCTION

Ethics is an issue which is concerned with standards for right conduct and moral evaluation, this philosophy gives an account of right actions and gives idea of what makes it morally wrong or right. The moral theories are usually concerned with providing

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POLITICS AND LEGAL ASPECTS OF EDUCATION

moral guidance and the moral evaluation of human conduct. Concepts such as what is “right or wrong”, “good or bad”, and “permissible or impermissible” need to be articulated in every society with consolidation and within the legal system of every democratic country. Ethics is about giving an account of what we ought to do and what we ought to be like or how we ought to act. But, there are some aspects that are very opposite to this basic definition of ethics, they are known as moral relativism. The moral relativists are very restrictive; they claim that truth value of moral claims can vary from individual to individual. Therefore, that view is very close to subjectivism (what may be right for me may not be right for you.) For example, for someone an abortion is right, but for other would be murder. However, we are not going to review this issue of relativism but we will be focusing on the basis of Ethics and moral values. Ethics is a “science” of morality and moral values such as compassion, happiness and justice are goals for every human life. In every country there are moral values commanding obligations and interdiction. For Rene Descartes, ethics is the highest and most perfect science, as it presupposes the knowledge of all other sciences.

1. SOME ASPECTS OF ETHICS

Morals and Ethics in Latin and Greek refer to “right” or “wrong” conduct, to custom or way of being. Ethics designated the part of Philosophy concerned with human behavior. According to Ricoeur (2004), Aristotle “may be deemed to be creator of the expression and of the concept of moral theory as a distinct discipline”. The Stoic philosophers made it the core of wisdom. George W. F. Hegel (1770–1831) distinguished between Ethics (Sittlichkeit) and Morals (Moralität), applying the former to the concrete rules and behaviors, and the latter to the reflection on the moral values. However, many authors view the relation between Ethics and Morals differently. The origins of a systematic ethical thought go back to relatively recent times. The Vedas meaning religious wisdom, which are the foundational texts of Hinduism, are considered the oldest known Moral Philosophy. In the Western

POLITICS AND LEGAL ASPECTS OF EDUCATION

world, it is born in Classical Greece, in the fifth-fourth centuries BC, with Socrates, Plato and Aristotle, whose thought is rooted in the wisdom of earlier thinkers known as the Seven Sages, one of whom was Pythagoras.¹

Stoic Philosophy in some way influenced Christian thinkers. While Stoics grounded equality between human beings on their common capacity to reason, the “new” doctrine by Christians introduced a new way of equal moral status of all humans, which was based on idea that human beings are created in the image of God. According to St. Augustine, the first human creatures lived under the Natural Law in the Garden of Eden, before original sin. In the thirteenth century, Latin translations of Aristotle gave rise to the rediscovery of his writings, which would dominate the later Middle ages (the period when Christian philosophy dominated). St. Tomas Aquinas exposed in his landmark “Summa Theologiae”, to a great extent, it is a Christianization of Aristotelian Philosophy. The Encyclical of Pope Leo XIII declared the thought of St. Tomas to be the Theology best suited to the Christian world view. His most general command was: “Good is to be done and pursued, and evil is to be avoided”.

Christians also used three I will say basic moral principles from the great philosopher Socrates and implemented in the Bible. These are the principles: 1) we ought never to harm anyone, 2) we ought to keep our promises and 3) we ought to obey or respect our parents and teachers. Otherwise, Socrates added, “if I escape I will do harm to society, I will be breaking a promise and I will be disobeying my parents and teachers”.²

Morality has its basis in human nature, almost all the classic philosophers tried to show it. Following Jesus’ own teaching, St. Paul observed that all persons are capable of doing what is

¹Monteiro, Reis A. (2014): “Ethics of Human Rights”, Springer International Publishing, pp.21.

² Frankena K. William. (1973): “Ethics” In Morality and Moral Philosophy, An Example of Ethical Thinking, PRENTICE-HALL, INC. Englewood Cliffs, New Jersey, second edition. pp. 2.

POLITICS AND LEGAL ASPECTS OF EDUCATION

prescribed in the law even if they have never known the law, because what is essential to the law is written in their hearts.¹

Christian doctrine emphasizes that human beings are capable of coming to a knowledge of what is true and what is good, that they can recognize truth and goodness because of their very being. Thus, tracing the moral attitude back to revelation for Christians mean that it must reflect the spirit or attitude of the teaching of Jesus Christ. In that sense, humans are called to live in the love of their God and love of neighbor as themselves.

“Called to love God and love our neighbor as ourselves, we recognize this call to love being applied in the many facets of human life, especially life in community. Love applied to human relations is commonly referred to as justice; love applied to human sexuality is chastity. Love applied to communication is called honesty and a loving attitude toward commitment is called faithfulness”.²

The perfection of freedom consists in the perfection of love. Only the man who loves is free to do what he wants, in this sense one can be better understood St. Augustine’s advice: “ama et fac quod quis” which means love and do what you want. In general, the Christian philosophy also emphasizes the importance of the common good. According to The Bible, people are not isolated individuals but they are social beings called to live and work together in a community. A common good for Christians are those values and interests that are public and shared among the members of the community, however justice and human rights that belong to all of us must be guaranteed in that case.

We know that human rights were internationally recognized in 1948 when the Universal Declaration of Human Rights, adopted by the General Assembly. The main objective was to encourage the respect for human’s rights and freedoms by promoting human’s personal, civil, political, economic, social and cultural rights. This

¹The Holy Bible, Rom 2:14-15.

²Monteiro, Reis A. (2014): “Ethics of Human Rights”, Springer International Publishing, pp.66.

POLITICS AND LEGAL ASPECTS OF EDUCATION

declaration serves as a minimum guarantee for respect of the human dignity around the world.

2. THE ETHICAL CONCEPT OF HUMAN (DIGNITY) RIGHTS

From medieval times to the present contemporary period, the concept of human rights has been influenced for centuries by different philosophical trends around the world. According to many social scientists who analysis various interpretations of national and international laws, declarations and treaties, claim that the human rights of this age might substitute the moral and ethical discourse. These days when someone does something that is morally wrong, one of the most common explanations offered today is that the same action represents a violation of human rights. With such a response, human rights are being used as an ethical category in the sense that the actions are classified as morally wrong on the basis of a set of criteria implicit in, the idea of human rights.

The moral philosophy of Mencius (a great Chinese philosopher and a key founder of the Confucian tradition) believed that human beings are born with moral sensibilities, which incline them toward moral goodness. According to him, humans are endowed with several virtues, which he describes in terms of moral sentiments. He claimed that all human beings, regardless of their social backgrounds, are equal, naturally as well as morally.¹

Sungmoon Kim (2015), exploring the Mencian notion of human rights by reconstructing Mencius's political theory in a way that corresponds directly with his commitment to universal moral equality and faith in human dignity, finds that Mencius in his

¹ Bloom, Irene. (1998): "Fundamental Intuitions and Consensus Statements: Mencian Confucianism and Human Rights." In *Confucianism and Human Rights*. Eds. Wm. Theodore de Bary and Tu Weiming, pp. 94–116. Also, Confucians, Mencius in particular, distinguished natural equality, equality in the sense that human beings are born equal (which encompasses Mencian moral equality), from evaluative equality, which suggests that all human beings are of equal worth, thus deserving equal treatment.

POLITICS AND LEGAL ASPECTS OF EDUCATION

statements claims that if a ruler or the government fails to protect the people's right to a constant means of live hood, the moral significance of which is derived from the foundational idea of human dignity, he does nothing more than "entrap" the people. Implicit in this claim is that if people succumb to "dissoluteness, depravity, deviance, or excess" because of such an entrapment by the government, they should not be blamed, at least morally, even though they might be legally liable for their criminal action. Dissoluteness, depravity, deviance, or excess refers to, above all, an injury to human dignity, a pathological state in which humans have become like beasts. What is remarkable about Mencius's statement is that this seemingly self-inflicted injury is actually caused by the government when it failed to provide the people with a constant means of livelihood. As a result, what is violated here is the people's right to subsistence and, perhaps more fundamentally, it is their rightful claim to human dignity that has been violated.¹

In his statements, we can note that pays attention on the political rights, on the right to education and understood a socioeconomic right, the right to constant means of live hood, as a fundamental human right.

Here, it is worth noting that Mencius places almost equal emphasis on moral education by virtue of which people can become, above all, filial and fraternally responsible, virtues that Confucians cherish as the root of "ren" or humanity, the Confucian virtue par excellence.² In a sense, the right to education is the natural corollary of Mencius's theory of moral development. Though the moral sprouts are inclined to develop into fully functioning moral abilities and character traits, the road toward robust moral character is neither automatic nor linear.

¹ Sungmoon Kim. (2015): "Confucianism, Moral Equality, and Human Rights: A Mencian Perspective". *The American Journal of Economics and Sociology*. Volume 74, Issue 1. pp. 149-185.

² Confucius. (1999): *The Analects of Confucius: A Philosophical Translation*. New York: Ballantine Books.

POLITICS AND LEGAL ASPECTS OF EDUCATION

Suggested by Mencius's agricultural metaphors on how the moral sprouts are to be cultivated, proper and continuous effort to cultivate the otherwise feeble moral sprouts is absolutely necessary.¹

According to Bell (2006) every human must be educated so that he or she can provide for their moral natures and the government must provide for their basic means of subsistence so that they will not go morally astray. Bell also, adds that there is no point promoting moral behavior if people are worried about their next meal. Thus, the government's first priority is to secure the basic means of subsistence of the people. The priority to the right to subsistence is one of the defining characteristics of the Confucian ethical tradition: "This value has not been so prominent in Western political tradition(s). It conflicts, for example, with Rawls's 'lexical priority' for the first principle of justice that secures civil and political rights. For Confucians, economic rights come first".²

Although the Confucianism, especially Mencian Confucianism partially recognizes today's fundamental human rights, we cannot agree that those values are fully in the same line as the rights mentioned in the Universal Declaration of Human Rights and it is quite challenging to negotiate the same values with modern liberty consisting of various kinds of rights required in and produced by a modern pluralist society.

On the other hand, in the pre-modern Western conceptions, the people of Rome used the word dignity or "dignitas" implying important personal achievements in the public sphere and moral integrity.³ Although dignitas certainly had an inner basis, it refereed

¹ Sungmoon Kim. (2015): "Confucianism, Moral Equality, and Human Rights: A Mencian Perspective", *The American Journal of Economics and Sociology*, Volume 74, Issue 1. pp. 173.

² Bell, Daniel A. (2006): *Beyond Liberal Democracy: Political Thinking for an East Asian Context*, Princeton: Princeton University Press.

³ Englund, Izhak. (1999): *Human Dignity: From Antiquity to Modern Israel's Constitutional Framework*, *Cardozo Law Review* 21:1903–27.

POLITICS AND LEGAL ASPECTS OF EDUCATION

particularly to the outer aspect of a person's social role which evokes respect and embodies the charisma and the esteem residing in office, rank or personality.¹ According to England's definition, "dignitas" is a virtue of great people, those meriting special honor or distinction. Practices of dignity involved public recognition and respect granted by one's peers, the vulgar, society and the polity that marked off the dignified as excellent, in the sense of excelling. Dignitas was a manifestation of personal authority, majesty, gravity, decorum and moral qualities.

However, today's contemporary conceptions of dignity share a core sense of worth that demands respect. In the Roman understanding, was deeply differential particular and achieved rather than universal and inherent and the respect it demanded was to be expressed principally in high status and public office not universal rights.

Christianity dominated Western thought from the late Roman Empire through much of the modern period. Biblical conceptions of dignity, in their dominant interpretations prior to the twentieth century, likewise emphasized particularistic distinctions that supported in-egalitarian social and political practices. Genesis also underlies an understanding of dignity that dominated the Western/Christian world for over a millennium and continues to be a powerful presence in contemporary discussions.

In this understanding which has been politically predominant through most of Christian history human dignity becomes largely a spiritual potentiality with little earthly social or political significance. Realizing the human potential for a life of dignity depends on divine grace that is, on the mysterious mercy of God, which cannot be earned and certainly is not owed to all human beings. Furthermore, a life of dignity has relevance principally in the heavenly City of God. As children of God, made in his image, we are ultimately good and equal. In this temporal life, however,

¹ Cancik, Hubert. (2002): "Dignity of Man" and "Persona" in Stoic Anthropology: Some Remarks on Cicero, *De Officiis* I, In *The Concept of Human Dignity in Human Rights Discourse*, edited by D. Kretzmer and E. Klein, The Hague: Kluwer Law International.

POLITICS AND LEGAL ASPECTS OF EDUCATION

sin is the predominant fact and inequality is essential if our corrupted, concupiscent nature is to be held in check. Politics is more about repressing evil than perfecting (the best) people. In fact, given the depth of our fall, it is a significant achievement even to create a mildly peaceful space in which the less sinful or more virtuous may have some quiet and protection. For most of the history of Christianity, this bleak account of the dignity or worth of the human condition predominated over more optimistic readings that emphasize the likeness of humans to God. There is a vast distance between “the Judeo-Christian tradition” as it existed through most of its history and most late-twentieth- and early-twenty first century conceptions of “human dignity,” including most contemporary Christian and Jewish conceptions. The resources of a religious (or any other) tradition can be extraordinarily malleable, the same foundational texts being put to radically different but equally authentic uses. Taking the reality of a culture, society, or religion seriously, however, requires that we not read contemporary understandings and practices back into a past that was quite dramatically different.¹

Differently, when we analyze Kant’s most important observations on morality and human dignity that appeared in his book “The Metaphysics of Morals”, his conception actually, not only was more far-reaching but has had a great impact on later ideas, including the Universal Declaration of Human Rights. He usually used works and ideas from the Stoic tradition and the great Roma statesman, orator and philosopher Cicero, who made a significant use of the concept of humanity and innate rights.

3. THE LEADING VIEW ON HUMAN DIGNITY

It almost certainly is no coincidence that Kant wrote at roughly the same time that early practices of human rights were being implemented through the American and French Revolutions. In

¹ Donnelly, Jack. (2013): Universal human rights in theory and practice, Cornell University Press, Sage House, 3rd ed., pp.125-126.

POLITICS AND LEGAL ASPECTS OF EDUCATION

effect he democratized dignity much as, and at the same time that, the American and French Revolutions democratized politics. Universal rights and universal dignity, in other words, developed in tandem and reinforced one another in the late modern Western world.¹

The dignity of humanity in each of us, in ourselves and in others alike demands respect. Because of dignity, every man has a legitimate claim to respect from his fellow men and is in turn to respect other. Humanity in his person is the object of the respect which he can demand from every other man.²

In politics, this is closely tied to human rights: “Regarded merely as a state of right, the civil state is based a priori on the following principles: 1. The freedom of every member of society as a human being. 2. The equality of each member with every other as a subject. 3. The independence of every member of the commonwealth as a citizen”. Kant insists that “this right of freedom comes to him who is a member of the commonwealth as a human being . . . a being who is in general capable of having rights”. Human dignity, for Kant, is inherent in and possessed by every human being. Their actions also give humans another sort of moral worth. This achieved moral status, however, is independent of inherent worth. And it is the inherent dignity of humanity within each person that lies at the foundation of both personal morality and political right.³

¹ Ibid, 127. He distinguished two kinds of value, that correspond to two sides of human nature: the first is a dignity, understood as an inner worth, which is the standard of distinctively human or moral values; and price, the standard of value of the material world and man’s animal nature. According to him, a human being is a creature with a worth, a dignity, that is literally priceless, outside of the domain of instrumental value.

² Kant, Immanuel, and Mary J. Gregor. (1998): “Groundwork of the metaphysics of morals”, Cambridge, U.K.: Cambridge University Press.

³ Donnelly, Jack. (2013): Universal human rights in theory and practice, Cornell University Press, Sage House, 3rd ed., pp.128.

POLITICS AND LEGAL ASPECTS OF EDUCATION

As mentioned before, Kant's work was one of the inspirations for making the Universal Declaration. He believed that the human rights rest on the inherent dignity of every human being and enumerated the rights of the sovereign executive as the distribution of offices, the distribution of civil dignities and the right to punish, but he also links the past to future because his point view and ideas were based on equal rights and "the general will".

The Universal Declaration of Human Rights proclaims that "recognition of the inherent dignity and of the equal and inalienable rights of all members of the human family is the foundation of freedom, justice and peace in the world". The UN Covenants on civil and political rights, and on social and economic rights state that "these rights derive from the inherent dignity of the human person". Human rights activists worldwide have used "dignity" as their rallying cry and theorist such as Ronald Dworkin and James Griffin have employed the concept of dignity in their accounts of human rights.¹

Human rights and human dignity mutually co-constitute one another in the contemporary world. Therefore, human rights reflect a particular specification of certain minimum preconditions for a life of dignity in the contemporary world.²

A conception of human rights based on Kantian dignity can therefore be geared not only to the protection of inviolate individuals but also to the emergence of a social world in which individuals seek honor from others and provide honor to them. This perspective can inform efforts to understand human rights not as purely individualistic barriers to intrusion by others, but as bases for certain kinds of respectful social life. Such a perspective may, first, support a concern with social and economic rights, in order to

¹ Bayefsky, Rachel. (2013): "Dignity, Honour, and Human Rights: Kant's Perspective, SAGE publications, DOI: 10.1177/0090591713499762, pp. 810.

² Jack Donnelly understanding of human dignity, however, is shaped by ideas and practices of human rights and the practice of human rights can be seen as justified, in some ultimate sense, by its production of beings able to live a life of dignity.

POLITICS AND LEGAL ASPECTS OF EDUCATION

enable individuals to participate in a joint endeavor with others in society; and, second, suggest that human rights should not be rejected as overly individualist by cultural traditions that are less so.¹

4. MORAL AND NORMATIVE DIMENSION WITH IMPLEMENTATION OF HUMAN RIGHTS

In the aftermath of World War II, representatives of Member States of the United Nations drafted the Universal Declaration of Human Rights, against the background of the atrocities of the war. The contribution of the United Nations in the promotion and protection of human rights is enormous. Since 1948 many human rights treaties and conventions under the auspices of United Nations have been ratified. The number of treaty bodies stands at seven at the moment. The proliferation of human rights conventions and treaty bodies in themselves does not make a difference, as experience has already shown. And because of it, the 21st century, should be the century of implementation of these human rights conventions: a move from the elaboration of human rights to their enforcement.²

Human rights, the contemporary name for what has been usually known as natural rights, contain moral elements. The moral content expressed in the concept of natural law has consistently influenced legislation, being subsequently expressed with the name of natural rights and human rights rules. Human rights are part of natural rights and natural rights are the same part of natural law which commonly refers to natural sources of justice.³

¹ Sandel, J. Michael. (1996): "Democracy's Discontent: America in Search of a Public Philosophy". pp.82.

² See F. Viljoen, "Fact Finding by UN Human Right Complaints Bodies", in: R. Wolfrum/ A. von Bogdandy (eds), Max Planck UNYB 8 (2004), 49 et seq. (50).

³ R.A. Tokarczyk, "Interrelations Between Human Rights, Natural Rights and Natural Law Concepts", in: L. Leszczynski (ed.), Protection of Human Rights in Poland and European Communities, 1995, 34.

POLITICS AND LEGAL ASPECTS OF EDUCATION

The age and triumph of human rights has been proclaimed, yet it has been paradoxically accompanied by grave violations of human rights. Action must be taken because all human beings are born free and equal in dignity and rights, endowed with reason and conscience and should act toward one another in a spirit of brotherhood. This can be achieved in a variety of ways, but especially if humankind will have the courage to return to lost moral values and a conception of human rights according to the natural law theory.¹

In the move towards the age of implementation, if human rights are separated from natural law, they remain an instrument for reform and, occasionally, a sophisticated tool for analysis, but they stop being the tribunal of history. By founding human rights on natural law and human rights in moral values, the binding of human rights is no longer problematic whether written or unwritten. The main problem with the human rights discourse at a normative level arises out of the tendency in contemporary culture to refuse, or at least to consider with suspicion, any discourse which dares to have rationalist, universalistic or absolutist assumptions. An alternative proposal is a pragmatic and relativistic utilitarianism: human rights help people so we should support and protect them here and now without delay. This diminishes the common response when there is violation of human rights and atrocities occur because they are invoked only when they are useful to us. This response remains unsatisfactory in view of the fact that it risks falling into a nihilistic stance on ethics, which undermines the human ability to know right and wrong, and to articulate that knowledge in prescriptive terms based on something more than spontaneous individual impulse.²

Considering that nowadays some human rights are enshrined in conventions and constitutions. When human rights are upheld by

¹See B. Mondin., *Philosophical Anthropology*, 1991, 70.

² Haul,R.Romuald.(2006)Some Reflections on the Foundation of Human Rights – Are Human Rights an Alternative to Moral Values? *Max Planck Yearbook of United Nations Law*, Volume 10 pp.

POLITICS AND LEGAL ASPECTS OF EDUCATION

positive law where people have what they ought to have natural rights and human rights are both moral rights and positive rights.¹

CONCLUSION

Human rights are a fully accepted concept in the world. However, they are not an isolated concept, but are connected with many other social processes and scientific disciplines. It can be said that one of the main reasons for their existence is Ethics and Morality. They are “raison d’être” for the existence of human rights. Therefore, the question of the connection between Ethics and Morality with Human Rights is always current.

Ethics itself is an issue which is concerned with standards for right conduct and moral evaluation, this philosophy gives an account of right actions and gives idea of what makes it morally right or wrong. On the other hand, the moral theories are usually concerned with providing moral guidance and the moral evaluation of human conduct. Also, a common good for Christians are those values and interests that are public and shared among the members of the community, however justice and human rights that belong to all of us must be guaranteed in that case.

Having in mind these definitions, it is undoubtedly that they are related to human rights. The question is, what makes it most closely connected? Undoubtedly the dignity of humanity in each of us, in ourselves and in others alike demands respect. Because of dignity, every man has a legitimate claim to respect from his fellow men and is in turn to respect other.

Also, human rights, the contemporary name for what has been usually known as natural rights, contain moral elements. The moral content expressed in the concept of natural law has consistently influenced legislation, being subsequently expressed with the name of natural rights and human rights rules. Human rights are part of natural rights and natural rights are that part of natural law which commonly refers to natural sources of justice.

¹ I. Brant, *The Bill of Rights. Its Origin and Meaning*, 1967, 34.

POLITICS AND LEGAL ASPECTS OF EDUCATION

Although, the age and triumph of human rights has been proclaimed, yet it has been paradoxically accompanied by grave violations of human rights. Action must be taken because all human beings are born free and equal in dignity and rights, endowed with reason and conscience and should act toward one another in a spirit of brotherhood. This can be achieved in a variety of ways but especially if humankind will have the courage to return to lost moral values and a conception of human rights according to the natural law theory.

To be at the required level this concept requires its implementation. This implementation should be on a global and national level primarily. If human rights are separated from natural law, they remain an instrument for reform and, occasionally, a sophisticated tool for analysis, but they stop being the tribunal of history.

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POLITICS AND LEGAL ASPECTS OF EDUCATION

PUBLIC ADMINISTRATORS AND RULES FOR THEIR BEHAVIOR IN THE PUBLIC SECTOR

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Abstract

The good behavior and putting the employees in the public sector is a precondition for bettering the trust of the citizens in the institutions with a public character, this way the good behavior, ethical behavior and standards should be used in the communication towards the colleges, superiors and clients not only in the work place but also in everyday life to the employees in the public sector.

The codex of behavior for the employees in the public sector should be commanded professionally. Democratic values, undiscrimination and social politics should be a part of the codex with the complete ruling of the rights and involvement of the citizens in the process of creating politics, and with nondiscrimination there is the opportunity for accomplishing the rights for differences as well as protection from injustice and abuse.

During work the codex of the public employees states that the employees also in the public sector should be led by the superiors from political neutrality, to not use their positions for personal interests, not to abuse their position as administrative worker, also the informations which they work with should be treated in a way that will respect the system and the degree of classified informations, but at the same time to take care of their safety. The behaviour with the clients and the colleges as well as the behavior for the workers in the everyday life should always be ran by the fact that the public administrators are a mirror of the country that they work for and serve, should always be appropriately dressed and have an appropriate contact and behavior with everyone that they work with and with that all they show that they respect the rules for behavior as a public worker.

Keywords: employees in the public sector, codex for behavior, informations, colleagues, behavior.

JEL classification: K4

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POLITICS AND LEGAL ASPECTS OF EDUCATION

INTERDUCTION

The rules of behaving on the public servers are a part of the everyday life, same like everyone as a main part of the right, in time and right doing of the tasks of the employees in the public sector, and with that the service and the reputation of the country is better and improved.

The behavior of the public sector workers is based on rules which are based on rules which are the foundation of the actions of them and they define the most important law and ethical standards in the behavior of them.

These defined rules are the foundation and the main target that points to a good and appropriate behavior in different cases in all the sectors in the organs of the public administration.

With the rules of behavior of the public workers which are regulated by laws are channeled, and make rules for behavior to the administrative workers, but not only that but their ethical behavior in which the good behavior and good actions with the main goal is to make the trust stronger of the users (citizens) in the work of their institutions. Disrespect, disagreements and the same are exposed the country institutions in which the public workers work at, on a responsibility in front of the citizens, but a discipline responsibility and appropriate law interfering.

1. MAIN RULES OF BEHAVIOR

The main foundation of the work of the public workers is working within the laws, of our country. With the law of administrative workers, the rules, the code of conduct, the standards of behavior, are used with the clients, the colleagues, and also the superiors, not only in the work place but also in the private life and out in public.

When the law is not respected, when the public worker is under pressure, it is requested that they take disciplinary actions against that person, because the public worker should never work in a way that is suspicious in any kind of way, is not moral and against the law.

POLITICS AND LEGAL ASPECTS OF EDUCATION

The employed public workers in their everyday job should always do their tasks in a professional way, should be devoted to their task, should do the task in time but also do it in a good and quality way that will respect the rules and the procedures in the institution in which they work at..

The respect of the schedule and doing the work on your own, also doing the tasks in time are the main condition of a well done and quality work task, and also putting great attention in the same one are the predispositions for a quality service to the citizen. Everyday work of the employees should be surrounded by a good behavior with the willingness to make personal wishes and interests come true.

The progress of the employee in the institution is a condition for making your skills stronger which will lead to better and faster done tasks in the workplace. Everyday work should be a place of accomplishing of personal goals, wishes and ambitions without discrimination towards others.

Including the citizens and clients in your decision making leads to a better working progress, giving more rights to the citizens, improving the institution and with that making progress in the country the institution is in.

The specific work and behavior of the employees should be a mirror of the degree of accomplishing, implementation of appropriate constitutional and legally guaranteed non-discrimination rights; all this is shown by respecting of our differences, abuse, discrimination and respecting our differences in every form and way.

The political neutrality together with the before mentioned rules in the work place, not previously expressed or advocated in the work place, its personal political arrangements can bring to ruining the reputation first of the institution in which is worked at, and later on the country as an expression of equality, legality, and quality work done.

In everyday life justice, honesty, are characteristics of a good human being, and those should be used and preferred by every employee and encourage everyone else around him in the work

POLITICS AND LEGAL ASPECTS OF EDUCATION

place to have these characteristics the colleagues but the customers as well.

Because of the specifics of its job the public worker should have public interest of all citizens, all with one cause and that is to develop the democratic civil values of the whole society. The advantages that come with working in the sector in which the employees work at is a given rule that shouldn't be taken advantage of, use for personal interests, because that isn't an advantage that granted by becoming or working in the public service.

The informations which come in touch and contact with the everyday work and specificity of those , legal regulation of work, are rules which cannot be broken, and with those to accomplish a goal and that is integrity, timeliness, appropriateness, truthfulness, but with that respecting the law. The job itself with these kinds of informations, is an easier access and easier way of using those informations, which can lead to accomplishing of the rights, interests and needs in the everyday life of the citizens and the rest of the people in the society. The specificity of the thing that they are working with shouldn't be used for personal goals, progress, promotion, and other personal interest and goals. Working in the service, the institution the secret officer should not be giving negative comments about his position in the work place, and should respect his job and his profession and have a reputable view of his profession without taking advantage of it. The good behavior in everyday life and the work place should be a picture of both his private and public life in which he has to be careful not to ruin his reputation which will lead to ruining the reputation of the institution in which he works at. The example of right behavior and communication(outside of work, in the work place, social media, public events and other forms of communication) should be always a priority.

During public events the worker has to be careful with the way he talks, should give informations that are within the law regulations, and when it comes to talking about work place the worker should never talk in a way that uncovers too much information or brings the institution in a bad position or in any

POLITICS AND LEGAL ASPECTS OF EDUCATION

ways gives a bad reputation and in that way the citizens will have more trust and confidentiality.

As a good and hardworking worker the worker should also take care of the objects because of their specificity and the nature of them also by law and regulations.

Everyday communication of every human being and the public officer should be cultural, regular, and open communication with the users of the services, and with that the users will be informed of all new things in the different parts of the company, and with that using different forms and ways to do it in a faster and a better way. Kind, cultural, and good behavior with a calm tone voice, and informing the users in a respectful way are a precondition of a job well done. The contact with the users is gathering informations in which you should approach in a serious way and the company should use it to further better the company and its service, no matter if the comments are critics, or some kind of problems with the service or the company, all of the comments should be talked without discrimination, offence and big patience.

Everyday work is a meeting of the employees not only with the clients but with colleagues in the process of doing all of the tasks and problems in the workplace. Taking care of the communication with the coworkers and paying attention to it leads to great time work, not only that they should all mutually respect their differences, should cooperate and have solidarity without raising their voice during conversations, without offending one another, avoiding conflict, and taking the fastest way out of the problems, is an atmosphere which will show the good reputation of the institution. Taking care of your colleagues, helping them and protecting eachothers rights is an initiative of a professional development of the coworkers. Paying attention of the way you look, clothes, appearance is a good way of not giving a bad reputation of the company in which you work in and also in the administration especially in those companies where you have eopees working on counters because they are the face of the whole company. The respect towards the clients is given by the formal way of dressing showing that you care enough to look appropriate.

POLITICS AND LEGAL ASPECTS OF EDUCATION

Using the resources in the company but in a careful way is the foundation of every start of a task, because it shows that the employees are careful enough to not bring the company down to a crisis and with that also the country that they live in.

If you respect these given rules in the public sector bring to a fast and quality service to the citizens and the other private companies while staying within the law, have a professional attitude, and are trustworthy, responsible and economic.

2. QUALITATIVE AND QUANTITIES ANALYSIS FOR IMPLEMENTATION OF THE CODE OF CONDUCT THROUGH THE PRISM OF THE USERS AND SERVICES (CITIZENS AND LEGAL ENTITIES)

The main goal is to show that the employees stick to the code of conduct, and with its following (Nondiscrimination, reputation, working with informations, using resources ect.) its shown that the service the company gives to the clients is a quality one. The research is done in 3 different institutions. Those being: The Health Insurance Fund, the Center for Social Care, the Pension and Disability Insurance Fund, of the regional offices.

The question sheet is formed from 11 questions which are a result of the intensity of the visits in the institution, quality of the service, the behavior of the employees, appearance, discrimination, using informations, communications with the co workers while working on the given task, using resources which are within the code of conduct for the public workers.

The question sheet is answered by 60 people from which 78% are male, and 22% are females. 8% of them are aged to 25, 70% of them are aged from 26 and above 46.

From the given question about the intensity of the need of services from the institutions which are on a country ground, you can see that there is an everyday need for visits.

From the given question about how often do you come here and need our services, 30% answered with very often, 10% very rare, 60% when I need to, which shows that these institutions are visited very often and the citizens have a need to realize a given right everyday.

POLITICS AND LEGAL ASPECTS OF EDUCATION

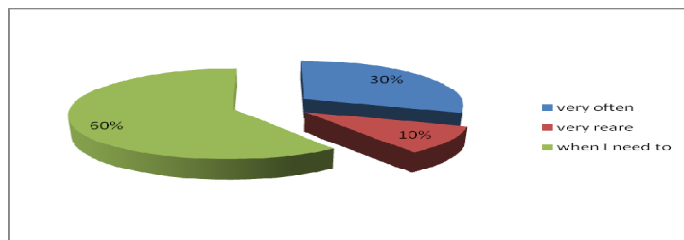


Figure 1

With the before asked question where the people are asked how often do they visit, if the answer is very often that means that the quality of service is good as well. Having said that on the question about if the clients are satisfied from the service 70% answered excellent, 15% very good, 12 % good, 1% standard, 2%bad. Taking those 70% and 15% you can see that the clients are very much satisfied from the service of the institution which shows that there is team work, kindness towards the co workers and mutual respect.

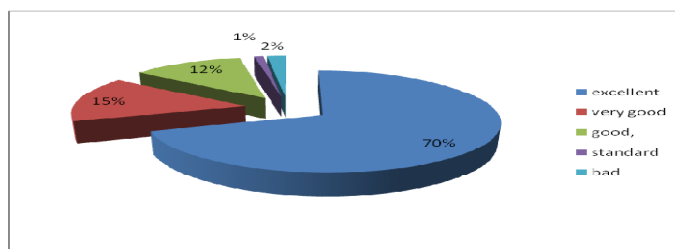


Figure 2

The answers on the given question about the employees appearance are 85% satisfied, 2% unsatisfied, 13% standard. This question suggests that maybe the employees should wear uniforms.

POLITICS AND LEGAL ASPECTS OF EDUCATION

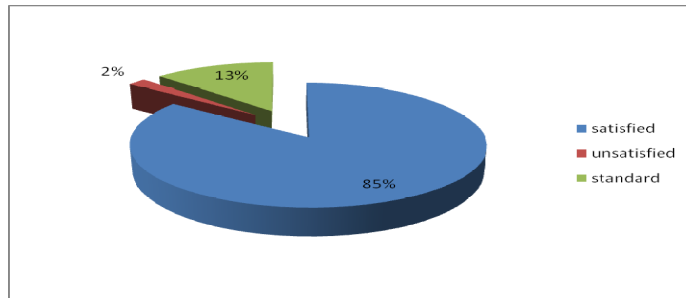


Figure3

Very satisfying are the answers on the question about the communication on the client with the employees, where a big 98% answered professional and kind, and only 2% answered with bad. This shows that the employees respect the code of conduct very well.

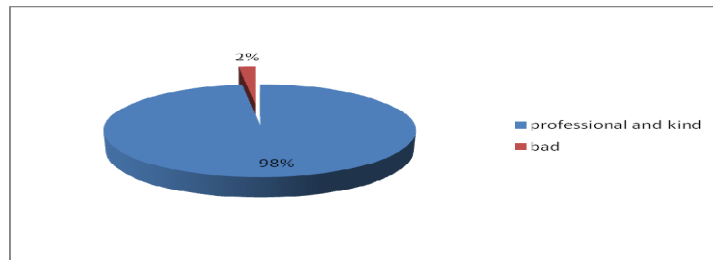


Figure 4

From the question about how can people describe the employees 97% answered that they are very satisfied from their service, and only 3% answered that the employees are rude, which shows that the employees do their job within the code of conduct, and give quality service.

POLITICS AND LEGAL ASPECTS OF EDUCATION

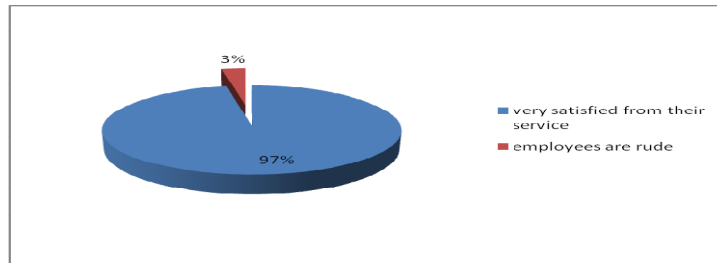


Figure 5

The answers that they got about if the clients were offended or discriminated in any kind of way (religious, or about politics or manybeeconomicly) 99% of them answered that they haven't had that experiend and only 1% said that that has happened to them which shows that these kind of discriminations are eliminated from the communication between the clients and the employees.

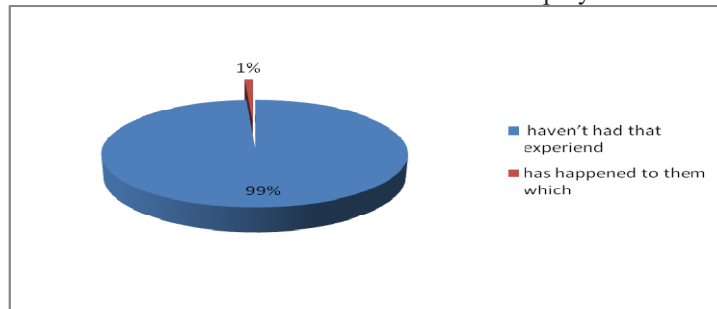


Figure 6

The informations which the public workers take everyday are very personal, and because of that the clients were asked if they think that their personal information is abused, in which 99% of them said that they don't think that's the case, and only 1% said that maybe their informations is used in a wrong way but they are not sure, and 0% said that their informations are deffenitely used for the wrong reasons.

POLITICS AND LEGAL ASPECTS OF EDUCATION

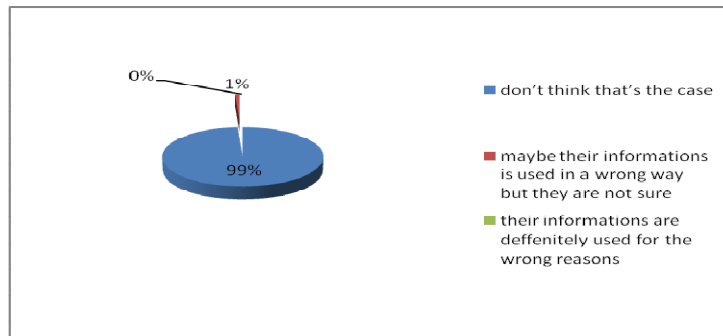


Figure 7

For the question about how satisfied are the clients about the information and help you are given when you ask on a counter or on the phone or email 95% of them answered very satisfied, 2% satisfied, 1% good, 2% not satisfied, and that shows that the employees have good communication with the clients and give fast and quality answers to all of the problems the clients may have.

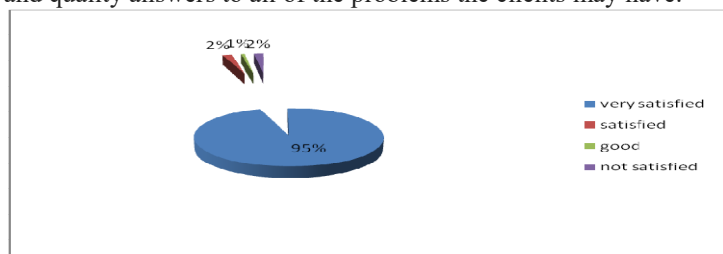


Figure 8

The question about the coworkers and their team work, and how they think that it all works 85% of them answered that the team work is practiced always and that is a result of fast and quality work done, 19% team work is practiced but not everyday, 1% bad there isn't team work so the tasks aren't done in a fast and professional way. this shows that the employees should work on

POLITICS AND LEGAL ASPECTS OF EDUCATION

their team work because they are together everyday for 8 hours and they should cooperate more.

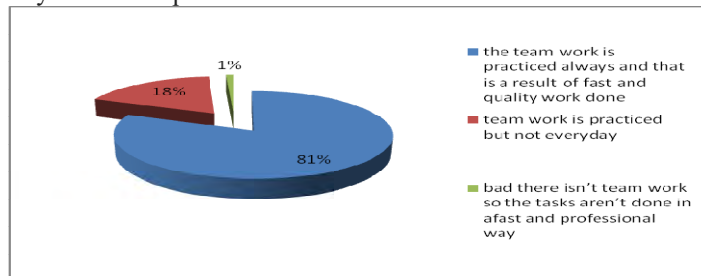


Figure 9

The rights, reputation of the institution of the employees and the country as a whole can be interfered with very easily and to test how often that is there was this following question: Has someone tried for a service to bribe you with money or anything else, these were the following answers 99% answered with no and 1% said yes. These answers tell us that the employees respect their work position but also the clients don't interfere with bribes and other forms of breaking the law for personal interests.

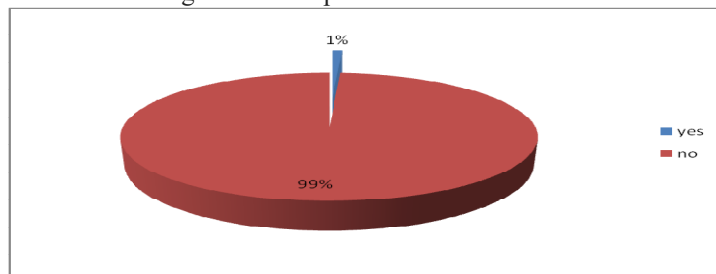


Figure 10

For finishing any work task you need resources that why there was the following question about how much resources do the employees use and how much time do you need to finish the work task, in which 93% answered that they are devoted 100% with the work task, use minimal resources and the task is done very fast, 5%

POLITICS AND LEGAL ASPECTS OF EDUCATION

used too much resources (paper, phone ect) 2% standard but still had the job done. This shows that the employees work in a good way by not using too much resources while finishing the work task in a well, fast and quality way.

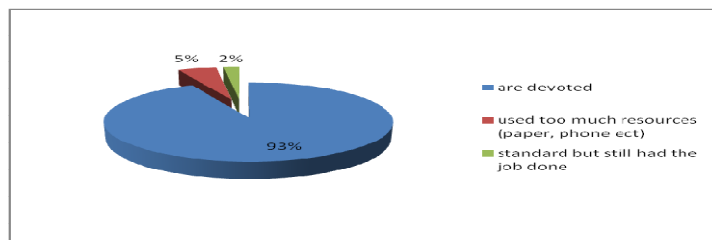


Figure 11

CONCLUSION

From this reaserch you can see that the employees behave within the code of conduct in the public sector, and ehnn the task is given they finish it with minimal resources and in a well done and sufficient way, they respect the code of conduct because with it the employees give a good and quality service in the institution they work in.

The employees in the public sector give equal rights to everyone, and act by law and act by the code of conduct.

This reaserch shows that with respecting of the rules for behaving in the work place, in the institution there is a calm atmosphere, harmony, equality, nondiscrimination in the work place, mutual respect between the coworkers, working in a professional way with the clients are main conditions for accomplishing the rights of both the clients and employees and taking care of the public interest.

POLITICS AND LEGAL ASPECTS OF EDUCATION

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