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FOREWORD

When we launched our magazine seven years ago, our desire was to bring together scientific ideas about economics and law, areas that can not be separated and that are equally important for the development of society as a whole. At the same time, we thought about the need to critically observe and overcome both these two types of public activities of people. We wished that there would be controversy on the pages of the magazine, because we expected that there would be more cognitive light and that there would be less misunderstanding on the way we chose.

The mission of the magazine is also the intention to present and appreciate the reach of both domestic and foreign experiences, all due to the critical theory of influence.

Over the past seven years, we have made great efforts not to succumb to the temptation to direct the concepts and institutions of economics, law and management from the last century.

We have long noticed that there is a variety of solutions for managing the economy, law, management... for technologies in these areas. Through our journal, we made them available to the public, both scientific and professional, in order to meet the changes and, why not, to create them.

In the choice of content, we were guided by the knowledge that there are many elements to which economics, law and management must pay attention. Some of them are: economic convergence, information-communication technologies in business, deformation of market competition, challenges of transnational and virtual corporations to domestic companies, creating images, brands...

Large social changes also bring new activities that are expanding and bring about market deregulation and foreign investment. Changes bring a new environment, new hierarchical levels, new responsibilities, and bring us into contact with new people or with same people in new roles.
All this leads inevitably to the creation of a competition of scientific explanations. In this game, our advantage should be this magazine which will also be an incentive for the spread of scientific thought and diversity in the field of economics, law and management.

For this reason, we are starting to index the journals in foreign databases, in order to expose the boundaries for disseminating our information and knowledge. In the following period, we want to be visible to the broad scientific public.

In achieving this intention, we count on, in addition to the experienced scientific staff, also on the scientific youngsters, PhD students from the scientific disciplines covered by our journal. It is our supply for the future - the filigree design of researchers for a new era of knowledge, as well as the critical and constructivist observation of reality.

We invite you to join us and give your contribution in spreading scientific dialogue.

Editor
Emeritus, prof. dr Zivota Radosavljevic
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INSTRUCTIONS FOR AUTHORS
NETWORK EFFICIENCY MANAGEMENT AS A MANAGEMENT INNOVATION

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Abstract: There is structured analyze of the main macro-economic trends of the world development at the modern stage, their influence on the business efficiency management presented at the article. The sound conclusion that innovation is the main driver of business efficiency maintenance and improvement. There are main principles of value creation chain network efficiency management concept as a management innovation formulated in the article. The examples of the specific models that implemented this concept on practice are given describing how these models proved their positive impact on business efficiency by synergy effect and relationships within value creation chain optimization.

Keywords: volatility, macro-economic trends, management innovation, value creation chain, network management methods, efficiency management.

The fact that the word «volatility» was the most popular word in the world since the summer 2008 hardly to be questioned. The reasons for this volatility are based upon the macro economy. An objective look at the state of the world economy and the short-term outlook of its development gives us the following main trends presented on the Figure 1.

For better understanding of the full impact of the adverse macroeconomic environment on future business performance, the reasons behind it should be carefully analyzed. The modern model of the world economy is based on idea of growth. Everything that has growth potential is considered good and successful. This principle of economic growth assumes that people demands are practically unlimited; we just have to find the right forms how to meet these demands and satisfy them by providing necessity goods or services with affordable price. All modern analytics valuation models are built on future cash flows estimation assuming future market and market share growth.

To analyze modern macroeconomic situation we should take into consideration this basic principle of the world economy development. Here is a brief analysis of the major trends and their impact on long-term business efficiency:

Demographics: population is growing that is may consider as a positive. At the same time this growth comes from poorer countries increasing the share of consumers with lower
purchasing power, an increase in the number of urban residents. Under this influence the infrastructure sectors growth will continue, along with migration from less developed to more developed countries. Based on that the infrastructure projects growth, further migration and consumer demands pattern with lowering of purchasing power change can be expected;

- Globalization that has been mentioned as one of the most significant growth factor over the last 30 years slips nowadays. Partly due to objective economic reasons such as: comparable labor price in China cities, still poor institutions in India and low productivity level in Africa, but partly and this is rather new trend due to the government policy (first of all The new USA's President Donald Trump policy) focuses on the local production and employment stimulation measures including the free trade principles refusal, migration restrictions and so on.

- Natural and ecological factors, which will play more and more critical role in business stability: Depletion of the natural resources and cost of production growth (as long as there is no viable alternative to oil and gas) attrition of agricultural land as a result of aggressive use, climate change, etc. All this will have a significant pressure on the cost of production in coming years, at the same time increasing the business investments in environmental projects, waste utilization, etc;

![Diagram of Main Macroeconomic Trends](image)

**Figure 1.** Main macroeconomic trends

- All the drivers mentioned above make the picture rather gloomy not showing any visible reason for the future growth with one exception - high speed of technological progress that drives innovations in all industries existed, makes new industries come to the stage. In these circumstances to be successful is equal to be innovative having the higher absorptive capacity than competitors. The absorptive capacity of the business “represents its abilities to identify and to value, assimilate and then utilize any new knowledge”[5, p.12]. The increasing dynamic of new technologies implementation, new product launches is making product life-cycle shorter. As a result, on one
hand the speed of R&D and new product launch comes to the fore as a major source of future growth and efficiency [4]. On the other hand, it needs investments and raises the issue of payback period and ROI for innovations. The speed of consumer preferences change on the market is such that companies have to invest into new generation of products not waited for return on previous investments;

- The digitalization of our life means the change of the way how we produce, how we deliver and share resources, how we communicate and satisfy our personal demands. Robots and fully automated production units leads the change in an employment rate and structure[6]. Internet and social mediachange not only the way how people communicate to each other but also seriously reframe the market and competitors pattern. The communication revolution is the increasing prevalence of virtual, social networks communication, which provides unprecedented ease of reaching a potential consumer with product information and advertising. Additionally an important consequence of this is also the information «communism» - most of the information, knowledge today is “free of charge” every moment available over the Internet. In fact new abilities of the Internet have already destroyed the legislative rules and instruments that had protected the intellectual property for more than three centuries.

- The threat of a «second wave» of (if not the “tenth wave”) of the financial crisis. The situation when there is no linkage between the world GDP and the size of the total financial market can’t be stable for a long period. As a result, over debt economies with the lowest price of the money has ever seen in developed countries and high sometimes barrier high interests rate in developing countries. Both situations are unhealthy fromeconomic point of view.

To sum up the macro economic analyses presented above it should be said that business all over the world is under high pressure of instability and vulnerability. To drive long-term business efficiency economy as a whole and the businesses themselves have to meet the challenge of finding new sources of innovative growth on one hand and the ways of cost structure optimization to provide acceptable from investors point of view level of return on capital employed. The definition of management innovation is given in [3]. Based on that the management innovations is the one of the most attractive ways to tackle these difficult task as they usually do not need a lot of investments and bring the results immediately.

It is not easy to find the area for efficiency management innovation inside companies as starting from 2008 cost efficiency improvement has been on the all businesses daily agenda. No doubt that the sharing best practices, new technologies and TPM, LEAN and other management innovative tools have not lost their relevance and should be part of the plans for the future. However, the expectations that the results of this important and necessary efforts will be able to fully offset the impact of negative external factors and challenges is not reasonable. New solutions to make significant strides towards improving efficiency have to be found.

Practical experience of performance management in a large FMCG companies («Baltika Breweries», “Russian Aqvacultura”) and scientific researches of the author in innovation area shows the new management innovation stream that should help to maintain and improve long-term business efficiency called value chain network efficiency management. The main idea of this efficiency concept is to optimize the whole value chain as the system finding the synergy that not reachable by the separate elements (companies) of the value
chain. After that on the second stage to find way how to share this synergy’s effect among the companies. To describe value chain network efficiency management as a management innovation the FMCG based value chain scheme is presented below on Figure 3.

**Figure 2. The entire value chain, FMCG business**

It clearly highlights the individual chain links and their relationships in the process of business value creation. In the most cases, each link of the chain is independent legal entity, having its ownership and management structure, strategy, goals and motivation cascade tree. The market economy rules declare freedom of individual economic subjects to choose the performing strategy and tactics on the market, harmonizing their interaction on the basis of supply and demand price balance. On the one hand, this capitalism basic principle allows customer to reach from a supplier an optimal price for incoming resources. This is true in a short-term scale. But, on the other hand, due to the volatility and short-term nature of relationships between the individual elements of the value chain, doesn't provide full synergy effect from the system optimization as a whole, beyond the capabilities of local optima. This is synergy effect is one of the significant sources of business efficiency in the future. To exploit the potential of this management innovation, it is necessary to create attractiveness of economic interaction, in which each of the parties would be interested in improving not only their individual results, but also in enhancing the total efficiency of the whole chain (part of it) through participation in the overall success and then introduce the organizational model of this interaction. Below the concrete models based on this value chain network efficiency management concept are described. All these models have been already successfully implemented on practice.

**Factoring with suppliers or Suppliers Financing.** From legal prospective factoring is a special form of financing that helps the Supplier to be paid by the Bank-Factor for the goods or services shipped earlier than Customer pays this money according to the contract terms. Paying for the assignment in the transition of the claim, thereby Bank-Factor finances Supplier’s working capital, but the financing price (interests to pay) is based on the Customer credit risk calculation as this the consumer who will repay the debt to the Bank-Factor after the transfer when a deferred payment on the original contract with the supplier has expired. As efficiency management tool factoring is applicable in the situation when Customer’s credit rating and financial strength significantly higher than Supplier’s one, that is rather popular on practice when a lot of small suppliers work with the much bigger producer. Mentioned factoring scheme creates an additional synergy effect that is not available to each of the participants separately. So the Supplier receives financing with better price than it is available for him as to a separate borrower due to the fact that higher Customer’s credit rat-
ing drives lower interests rate. The Customer has now the possibility to increase the terms of payment under the contract, improving his own working capital, the Bank-Factor is able to increase funding of Supplier with less credit risk. It could be called “triple wins scheme”. The economic-mathematical model of this method is detailed described in [2].

**Customer warehousing consignment scheme.** The main idea of this scheme is the following: the transfer of ownership of the goods delivered by the supplier to the customer warehouse, not at the time of delivery and transfer of the right of control and responsibility for the goods as it usually happens, but at the time of the usage of the goods or in the production process (if the Customer is a Producer) or in the process of its further delivery within the supply chain to the final Consumer (if the Customer is a Distributor). This scheme allows the Supplier to reduce safety stocks on their own warehouses. The safety stock is to offset unexpected changes in demand from Customer. Based on that all warehousing costs go down. Furthermore, Supplier is able to optimize their working capital through later VAT, excise and income tax payments, to reduce the uncertainty level by automatically receiving information about the movement of goods in the warehouse. The Customer frees up additional working capital, as in this case, all stocks on consignment warehouse are reflected out of its balance sheet. In addition, similar to factoring scheme additional positive financial income is available if there is a visible leverage between Supplier and Customer financial strengths. It should also be noted that in this model an additional effect can be provided through better planning and services to Consumer, lower level of Out-of-Stocks. The description how to calculate and share the synergy effect of this model is given in [1].

Summing up the above mentioned examples of the value creation chain network efficiency management enhancing the total and individual efficiencies it should be emphasized that to implement these management innovations on practice an initiator is needed, a leader who will take a risk and come over the burden of new way of working launch. This is the most crucial factor of success based on author’s experience of models implementation.

It should be added that significant opportunities to improve long term business efficiency can be realized through other types of value creation chain network efficiency management models such as clusters, consortia and investment partnerships, which should be paid attention in practice. However, their detailed analysis lays beyond the scope of this article.

**REFERENCES**


HIGH SCHOOL GRADUATES AND ACADEMIC EDUCATION: WHAT DO THEY EXPECT?

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²Faculty of Strategic and Operation Management University Union Nikola Tesla, Belgrade, Serbia, e-mail: radoje.cvejic@fsom.edu.rs

Abstract: This paper treats the problem of personal goals of high schools in Serbia regarding choice of university as a next step in professional life. We have investigated personal traits of respondents, their attitudes towards education as such, their criteria of selecting an university and their expectations of the future. Questionnaire-based survey has been used, data was statistically analysed and then discussed. What we have found is that generation of high-school graduates surveyed expresses goals and attitudes of such a features that could be titled as pseudo-conservative.

Keywords: Personal goals, high-school students, universities, survey

1 INTRODUCTION

This paper presents results of a survey conveyed in 2016 at high school students in Serbia. The sample of 354 students was used (412 questionnaires have been distributed, 354 received)

Main goal of the research was to find out attitudes and goals of high school students regarding education as such, regarding perceived qualities of potential universities and regarding some distinct features that could be helpful in selecting a particular university they would enrol in.

The research was conveyed in a classical paper based manner, during two days period. Paper questionnaires were collected and then coded electronically, using MS Excel. All statistical procedures (descriptive statistics, chi-squared method) were done by IMB SPSS Statistics.
2 GENERAL OVERVIEW

In total 354 students have responded, of which 191 (54.0%) male, 161 (45.5%) female and 2 (0.5%) declined to answer. We have found 160 (45.2%) of student to consider themselves as religious, 124 (35.0%) non-religious, and 69 (19.5%) have no clear point whether being religious or not, while 1 (0.3%) did not answer. Regarding strong determination for leaving the country for business, 183 (51.7%) answered positively, 160 (45.2%) answered negatively while 11(3.1%) left the question unanswered.

Facebook (or similar social network) usage time ranges from less than hour (101 student, 28.5%), two hours (99 students, 28%), four hours (52 students, 14.7%), almost whole day (62 students, 17.5%) and ends up with no usage at all (36 students, 10.2%).

2.1 Professional outlook

We have asked about professional career that could serve the purpose of fulfilling both personal goals and secure the future. Table 1 displays what students see as general attitude of their own generation towards most attractive profession.

<table>
<thead>
<tr>
<th>Profession</th>
<th>Students</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Engineer</td>
<td>148</td>
<td>41.8</td>
</tr>
<tr>
<td>Manager</td>
<td>76</td>
<td>21.5</td>
</tr>
<tr>
<td>Lawyer</td>
<td>55</td>
<td>15.5</td>
</tr>
<tr>
<td>Economist</td>
<td>56</td>
<td>15.8</td>
</tr>
<tr>
<td>Other</td>
<td>18</td>
<td>5.1</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>354</td>
<td>100</td>
</tr>
</tbody>
</table>

When asking the same question in person, i.e. which profession is the most attractive for the particular student, we have no different perspective at all, as in Table 2.

<table>
<thead>
<tr>
<th>Profession</th>
<th>Students</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Engineer</td>
<td>126</td>
<td>35.6</td>
</tr>
<tr>
<td>Manager</td>
<td>74</td>
<td>20.9</td>
</tr>
<tr>
<td>Lawyer</td>
<td>56</td>
<td>15.8</td>
</tr>
<tr>
<td>Economist</td>
<td>57</td>
<td>16.1</td>
</tr>
<tr>
<td>Other</td>
<td>40</td>
<td>11.3</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>354</td>
<td>100</td>
</tr>
</tbody>
</table>

In the next step, we have asked which profession can assure the most secure personal future. Answers are given in Table 3.
Next step in our analysis was to check for any gender-based differences in the previous answers. What could be vaguely hinted out of the data in table, can be supported by Chi-square test, which gives us a reason to believe that male and female students have different perspective on their (the same!) generation's outlook to professions attractiveness ($p=0.021$; difference in distribution of answers by gender is statistically significant).

**Table 3. Professions most promising for personal safety**

<table>
<thead>
<tr>
<th>Profession</th>
<th>Students</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Engineer</td>
<td>169</td>
<td>47.7</td>
</tr>
<tr>
<td>Manager</td>
<td>55</td>
<td>15.5</td>
</tr>
<tr>
<td>Lawyer</td>
<td>57</td>
<td>16.1</td>
</tr>
<tr>
<td>Economist</td>
<td>41</td>
<td>11.6</td>
</tr>
<tr>
<td>Other</td>
<td>32</td>
<td>9</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>354</strong></td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>

**Table 4. Gender differences in Professions’ attractiveness for the generation**

<table>
<thead>
<tr>
<th>Profession</th>
<th>N/A</th>
<th>Engineer</th>
<th>Manager</th>
<th>Lawyer</th>
<th>Economist</th>
<th>Other</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gender</td>
<td>N/A</td>
<td>0</td>
<td>0</td>
<td>1</td>
<td>1</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td></td>
<td>M</td>
<td>0</td>
<td>97</td>
<td>40</td>
<td>22</td>
<td>24</td>
<td>8</td>
</tr>
<tr>
<td></td>
<td>F</td>
<td>1</td>
<td>51</td>
<td>35</td>
<td>32</td>
<td>32</td>
<td>10</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td>1</td>
<td>148</td>
<td>76</td>
<td>55</td>
<td>56</td>
<td>18</td>
</tr>
</tbody>
</table>

The same process was applied to data presented in Tables 2 and 3 to check for any gender difference.

**Table 5. Gender differences in Professions’ attractiveness for individuals**

<table>
<thead>
<tr>
<th>Profession</th>
<th>N/A</th>
<th>Engineer</th>
<th>Manager</th>
<th>Lawyer</th>
<th>Economist</th>
<th>Other</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gender</td>
<td>N/A</td>
<td>0</td>
<td>0</td>
<td>1</td>
<td>1</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td></td>
<td>M</td>
<td>0</td>
<td>96</td>
<td>41</td>
<td>25</td>
<td>22</td>
<td>17</td>
</tr>
<tr>
<td></td>
<td>F</td>
<td>1</td>
<td>40</td>
<td>33</td>
<td>30</td>
<td>35</td>
<td>23</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td>1</td>
<td>126</td>
<td>74</td>
<td>56</td>
<td>57</td>
<td>40</td>
</tr>
</tbody>
</table>

Again, the conclusion of gender difference can be supported by Chi-square test, which gives us a reason to believe that male and female students have different perspective on their (the same!) generation’s outlook to professions attractiveness ($p=0.006$; difference in distribution of answers by gender is statistically significant). Very similar result is yielded when
applying Chi-square test to data in Table 3 (p=0.008; difference in distribution of answers by
gender is statistically significant)

2.2 Value of Education and University Choice

In this part we were investigating perceived value of education and different traits of
the potential universities and relating features of education system.

Table 6. Intention to continue education at some university

<table>
<thead>
<tr>
<th>Gender</th>
<th>Intention to study</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>N/A</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Yes</td>
<td></td>
</tr>
<tr>
<td></td>
<td>No</td>
<td></td>
</tr>
<tr>
<td>N/A</td>
<td>0</td>
<td>1</td>
</tr>
<tr>
<td>M</td>
<td>1</td>
<td>150</td>
</tr>
<tr>
<td></td>
<td></td>
<td>40</td>
</tr>
<tr>
<td></td>
<td></td>
<td>191</td>
</tr>
<tr>
<td>F</td>
<td>2</td>
<td>130</td>
</tr>
<tr>
<td></td>
<td></td>
<td>29</td>
</tr>
<tr>
<td></td>
<td></td>
<td>161</td>
</tr>
<tr>
<td>Total</td>
<td>3</td>
<td>281</td>
</tr>
<tr>
<td></td>
<td></td>
<td>70</td>
</tr>
<tr>
<td></td>
<td></td>
<td>354</td>
</tr>
</tbody>
</table>

This table clearly shows that majority of graduates intends to continue their education
at the university level. No gender differences are detected. But if we further analyse reasons
not to continue education (40 males and 29 females), almost every student stated financial
reasons as the major obstacle.

Moreover, we have analysed determination of graduates by asking them if they have al-
ready chosen particular university and major. Number of declined answers was 214 (60.5%)
while only 2 (0.6%) did have strong determination (ant these were engineering schools).

When it comes to perception of school’s quality by nature of founder (what in Serbia
gets to whether a school is state-funded or private), 154 (43.5%) think that private schools
are of no less quality compared to state-funded ones, and 198 (55.9%) are of opinion that
qualities of private and state-funded universities are not equal, favouring state-funded ones.

Table 7. Major treats of intended universities

<table>
<thead>
<tr>
<th>Major treats of intended university</th>
<th>Students</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>N/A</td>
<td>11</td>
<td>3.1</td>
</tr>
<tr>
<td>Hard studies, good job perspectives</td>
<td>90</td>
<td>25.4</td>
</tr>
<tr>
<td>Easy studies, knowing poor job perspectives</td>
<td>44</td>
<td>12.4</td>
</tr>
<tr>
<td>Any school, just makes sure job at government institutions or public companies</td>
<td>118</td>
<td>33.3</td>
</tr>
<tr>
<td>Any school, if gives opportunity to emigrate</td>
<td>91</td>
<td>25.7</td>
</tr>
<tr>
<td>Total</td>
<td>354</td>
<td>100</td>
</tr>
</tbody>
</table>

Some more sophisticated treats of preferred choices when it comes to opting for a par-
ticular university were measured. We can see Table 7 for results. Particularly, we were in-
interested to find out which of the following makes an university the most appealing: good open-market job perspective, certainty of government jobs or possibility to emigrate. No gender differences were spotted (Chi-square test, p>0.05)

Table 8. Personal goals

<table>
<thead>
<tr>
<th>Goal</th>
<th>Rating</th>
<th>M (students)</th>
<th>F (students)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Financial success</td>
<td>1</td>
<td>48</td>
<td>28</td>
</tr>
<tr>
<td></td>
<td>2</td>
<td>48</td>
<td>36</td>
</tr>
<tr>
<td></td>
<td>3</td>
<td>38</td>
<td>24</td>
</tr>
<tr>
<td></td>
<td>4</td>
<td>26</td>
<td>29</td>
</tr>
<tr>
<td></td>
<td>5</td>
<td>12</td>
<td>29</td>
</tr>
<tr>
<td></td>
<td>6</td>
<td>16</td>
<td>15</td>
</tr>
<tr>
<td>Happy family</td>
<td>1</td>
<td>70</td>
<td>71</td>
</tr>
<tr>
<td></td>
<td>2</td>
<td>53</td>
<td>34</td>
</tr>
<tr>
<td></td>
<td>3</td>
<td>24</td>
<td>18</td>
</tr>
<tr>
<td></td>
<td>4</td>
<td>14</td>
<td>12</td>
</tr>
<tr>
<td></td>
<td>5</td>
<td>13</td>
<td>17</td>
</tr>
<tr>
<td></td>
<td>6</td>
<td>14</td>
<td>9</td>
</tr>
<tr>
<td>Graduated from distinguished university</td>
<td>1</td>
<td>24</td>
<td>20</td>
</tr>
<tr>
<td></td>
<td>2</td>
<td>21</td>
<td>16</td>
</tr>
<tr>
<td></td>
<td>3</td>
<td>46</td>
<td>40</td>
</tr>
<tr>
<td></td>
<td>4</td>
<td>33</td>
<td>44</td>
</tr>
<tr>
<td></td>
<td>5</td>
<td>36</td>
<td>31</td>
</tr>
<tr>
<td></td>
<td>6</td>
<td>28</td>
<td>10</td>
</tr>
<tr>
<td>Being celebrity, socializing with wealthy people</td>
<td>0</td>
<td>1</td>
<td>0</td>
</tr>
<tr>
<td></td>
<td>1</td>
<td>15</td>
<td>11</td>
</tr>
<tr>
<td></td>
<td>2</td>
<td>21</td>
<td>9</td>
</tr>
<tr>
<td></td>
<td>3</td>
<td>24</td>
<td>12</td>
</tr>
<tr>
<td></td>
<td>4</td>
<td>31</td>
<td>29</td>
</tr>
<tr>
<td></td>
<td>5</td>
<td>31</td>
<td>18</td>
</tr>
<tr>
<td></td>
<td>6</td>
<td>65</td>
<td>82</td>
</tr>
<tr>
<td>Have good job</td>
<td>1</td>
<td>32</td>
<td>15</td>
</tr>
<tr>
<td></td>
<td>2</td>
<td>33</td>
<td>43</td>
</tr>
<tr>
<td></td>
<td>3</td>
<td>28</td>
<td>35</td>
</tr>
<tr>
<td></td>
<td>4</td>
<td>37</td>
<td>18</td>
</tr>
<tr>
<td></td>
<td>5</td>
<td>43</td>
<td>38</td>
</tr>
<tr>
<td></td>
<td>6</td>
<td>15</td>
<td>12</td>
</tr>
</tbody>
</table>
In the following stage, we have tried to determine some of personal goals of the population studied. Each personal goal was offered to an individual student and respondents were asked to rate them by using the Likert-like scale (1-strongly agree, 6-do not agree at all). Results are presented in Table 8.

Cheating, using someone else’s academic work like own and other forms of academic dishonesty are also checked for perception and perspective. Results are presented in Table 9.

### Table 9. Academic dishonesty

<table>
<thead>
<tr>
<th>Cheating is stealing?</th>
<th>Students</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>N/A</td>
<td>6</td>
<td>1.7</td>
</tr>
<tr>
<td>Yes</td>
<td>151</td>
<td>42.7</td>
</tr>
<tr>
<td>No</td>
<td>197</td>
<td>55.6</td>
</tr>
<tr>
<td>Total</td>
<td>354</td>
<td>100</td>
</tr>
</tbody>
</table>

#### 2.3 Fine distinctions

When comparing two similar schools, we use fine distinctions to finally choose one. We were interested in contrasting hard/easy choice, but also social pressure as a driver of choice. Table 10 displays the results (note N/A for missing answers)

### Table 10. Fine distinctions choice criteria

<table>
<thead>
<tr>
<th>Fine distinctions choice criteria</th>
<th>Students</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>N/A</td>
<td>5</td>
<td>1.4</td>
</tr>
<tr>
<td>Easier, knowing that my knowledge could be lean</td>
<td>70</td>
<td>19.8</td>
</tr>
<tr>
<td>Simply better school</td>
<td>129</td>
<td>36.4</td>
</tr>
<tr>
<td>Recommendation by someone important to me</td>
<td>94</td>
<td>26.6</td>
</tr>
<tr>
<td>Recommendation by parents</td>
<td>40</td>
<td>11.3</td>
</tr>
<tr>
<td>School where most of my friends will go</td>
<td>16</td>
<td>4.5</td>
</tr>
<tr>
<td>Total</td>
<td>354</td>
<td>100</td>
</tr>
</tbody>
</table>

And finally we have checked for any connections between declared religiosity and perceiving academic dishonesty as stealing (religiously prescribed sin). Results (Table12, Chi-square test, p=0.001) clearly indicate that being religious means understanding that cheating is stealing.
2.4 Discussion

This paper has intended to discuss major attitudes and values of high school graduates. First of all, attractive professions, regardless to gender, are those present in public and professional life as attractive ones, so perceiving engineering as a top profession is not a surprise at all. But gender difference is of great attention: female students are far less fascinated by engineering profession as a top choice in the generation and outnumber male colleagues in perceiving attractiveness of lawyer and economist professions. The same result is seen when analysing personal preferences, it looks very different from the original picture.

<table>
<thead>
<tr>
<th>Cheating is stealing</th>
<th>Yes</th>
<th>No</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Religious</td>
<td>77</td>
<td>79</td>
<td>160</td>
</tr>
<tr>
<td>Not religious</td>
<td>39</td>
<td>85</td>
<td>124</td>
</tr>
<tr>
<td>Do not know</td>
<td>35</td>
<td>33</td>
<td>69</td>
</tr>
<tr>
<td>Total</td>
<td>151</td>
<td>197</td>
<td>354</td>
</tr>
</tbody>
</table>

Majority of respondents will continue education at university level. One third of them will not, stating financial reasons as major obstacle. No clearer indicator is needed to conclude of the need of proper scholarship policy for gifted, determined, but not financially viable cases. What is also really interesting is the fact that only those inclining to engineering schools have already been chosen very school they would like to go to, what says something about personalities of such students.

Painful dilemma of school choice: state-funded or private - still favours government sponsored education. This may be due to at least four factors: social pressure (media generated image of government sponsored education), real cases of academic misbehaviour within private sector, willing to get a job in government sector and realistic lack of high quality private schools in a certain academic sector. What strongly supports this is high regard to traditional values found for high school students in [Radoman, 2012]

The most warning finding stemming from this research is a strong opinion on major qualities of a planned universities: assurance of job within any kind of government sponsored company, enterprise, agency or administration makes certain university “the right choice”. Reasons for this surprisingly conservative stance are the attractive field of research per se, but we can if nothing more to set a hypothesis of pseudo-conservative generation, defined as benefiting of all relevant information available world-wide, having access to modern ICT, having access to business incubators, start-up academies, free classes on starting own business, and still opting for security of government sector, not recognizing real personal value of university education. We find one possible explanation in the light of socio-economical transition phenomena in [Puzic and Bezinovic, 2011]

In the study of personal goals of the respondents, roughly 15% of them perceive financial success as a determinant of personal value. Another 15% are setting this treat as a second in line by importance. So only one third correlate financial success as a major personal goal.

Growing own family is a major personal goal for some of 40% of respondents, while only 4% are perceiving graduating from a distinguished university as a top personal goal.
More depressing, equal share of respondents (4%) socializing with wealthy and influential people is detected as a sigh of personal success. Having a good job is seen as a top desirable trait for 10% of students, while some 5% are setting being a respected member of community as a major feature of the future self. We find in [Eccles and Wigfield, 2002 that defined and relatively stable system of value in the society will reflect individual preferences, what makes our conclusion even stronger.

What is really important is finding regarding fine distinctions. When two similar schools are contrasted as two last and only choices, a student will pick simply better school (disregarding distinctions easy/hard, government/private). This gives us some hint that quality of education (with the whole set of elements comprising it) may be the major treat of present schools that should be worked in to make present school more attractive to neo-conservative youth. Insufficient activity of high schools in the field of modelling a value system poses another problem, as supported in [Stevanovic et al., 2009]

REFERENCES


MAJOR TRENDS OF POPULATION’S DEVELOPMENT OF CITIES AND URBAN-TYPE SETTLEMENTS IN THE RUSSIAN ARCTIC

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Abstract: The article shows the dynamics of the population’s development of cities and urban-type settlements in the Arctic zone of the Russian Federation; it describes the condition and prospects for the development of urban-type settlements; the statistical material of the population censuses and the data of the current population accounting are given: recommendations for the infrastructure’s development of the Arctic zone of Russia are given.

Keywords: Arctic, the population of cities and urban-type settlements, natural resource potential.

1. INTRODUCTION

In recent years, there have been well-founded fears about the lack of population and unreasoned resettlement policy in the regions of the North and the Arctic. As the Russian demographer, sociologist and economist Rybakovsky L.L. once mentioned: «For a country with such a vast, sparsely populated territory, which has enormous natural resources, it is of great importance, not even the dynamics of the population, but its resettlements. Problems
with resettlement are often due unreasoned resettlement policy. Therefore, Russia should
direct efforts and means to increase the level of population of the territory and improvement
of settlements scattered across the vast expanses». This primarily concerns the land territo-
ries of the Arctic. There it is necessary to create an environment for life, adequate to the role
of the Arctic in the economic and geopolitical interests of Russia. The main purpose of this
article is to fill the existing gap in the study of the problems of population problems and the
resettlement in the Russian Arctic. The research interest is aimed at studying the population
trends, assessing the population in urban settlements and the place of cities in the system of
resettlement of the Russian Arctic for the future.

2. POPULATION DYNAMICS

The population of the land territories of the Arctic zone amounted to 2,3 million pe-
ople, or 2% of Russia’s population. Of them 2,1 million people (89,3%) live in towns and
urban-type settlements, 256 thousand people (10,7%) live in rural areas. Three regions have
a population of more than 500 thousand people: Murmansk region has 766 thousand people,
Arkhangelsk region – 655 thousand people and the Yamalo-Nenets Autonomous District -
540 thousand people.

The population of the Russian Arctic in 2015 decreased by 22% compared to 2002,
including urban - by 9%. In six regions there was a decrease in the population. In two re-
gions (Nenets and Yamalo-Nenets Autonomous Areas), the population, including the ur-
ban population, has increased. Regions of the Arctic zone are highly urbanized. The urban
population in Vorkuta (the urban district in the Komi Republic, which belongs to the Arctic
zone) is 99,4%, in the Arkhangelsk Region – 92,7%, in the Murmansk Region – 92,6%, in
the Yamalo-Nenets Autonomous Area – 83,8%. In Russia as a whole, the share of the urban
population is only 74,3%. Two regions are poorly urbanized: The Sakha (Yakutia) Republic –
50,4% and the Chukotka Autonomous Area – 68,3% (Table 1).

<table>
<thead>
<tr>
<th>Region</th>
<th>The number of population, thousand people</th>
<th>Including the urban population, thousand people</th>
<th>Including the urban population,%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Russian Federation *</td>
<td>145166,7</td>
<td>142856,5</td>
<td>143972,4</td>
</tr>
<tr>
<td>Arctic zone of the</td>
<td>2641,256</td>
<td>2428,104</td>
<td>2391,631</td>
</tr>
<tr>
<td>Russian Federation</td>
<td>The Komi Republic</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>134,172</td>
<td>95,854</td>
<td>82,953</td>
</tr>
<tr>
<td>The Sakha (Yakutia)</td>
<td>33,161</td>
<td>28,325</td>
<td>26,194</td>
</tr>
</tbody>
</table>

Table 1. The population of the Arctic zone of the Russian Federation in 2002-2015
The population of the Russian Arctic is characterized by an increased proportion of men in relation to the proportion of the men in Russia as a whole. However, there was a decrease in the proportion of men in the total population. In 2002 the number of men was only 48,5%, in 2010 – 47,8%. It can also be noted that in 2002 in three regions the number of men exceeded the number of women (Chukotka Autonomous Area – 52,6%, The Sakha (Yakutia) Republic - 51% and the Yamalo-Nenets Autonomous Area – 50,3%). And in 2010, the excess of the number of men was observed only in the Chukotka Autonomous District – 50,1% (Table 2).

Table 2. Distribution of the population of the Arctic zone of the Russian Federation by sex according to the 2002 and 2010 population censuses

<table>
<thead>
<tr>
<th>Region</th>
<th>2002</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>The number of population, thousand people</td>
<td>The number of male, thousand people</td>
</tr>
<tr>
<td>Russian Federation *</td>
<td>145166,7</td>
<td>67605,13</td>
</tr>
<tr>
<td>Arctic zone of the Russian Federation</td>
<td>2641,256</td>
<td>1281,767</td>
</tr>
<tr>
<td>The Komi Republic</td>
<td>134,172</td>
<td>64,985</td>
</tr>
</tbody>
</table>
### 3. AVERAGE POPULATION AND NUMBER OF POPULATIONS

The population of cities in the Arctic increased from 1.8 million people in 1979 to 2.4 million people in 1989. In subsequent years, the population was constantly decreasing, and amounted to 1.9 million people in 2010. The population decline was 477 thousand people from 1989 to 2010. At the same time, in 2010 the urban population was more than its population in 1979 by 146 thousand people.

During the period under review the number of cities was constantly increasing. If in 1979 in the Russian Arctic there were 26 cities, then in 2010 there were already 37 cities. There were cities with a population of up to 50 thousand people. In 1979 there were 18 cities, and in 2010 there are 28 cities. The number of cities with the population of 100 to 250 thousand people varied from 2 to 4 for the analyzed period. In the Russian Arctic there are two cities with a population of more than 250 thousand people.

From 1979 to 1989, the average population of the cities of the Russian Arctic increased from 71 thousand to 82 thousand people. Then it constantly decreased and amounted to 53 thousand people in 2010. The average population of cities from 1989 to 2010 decreased by 28 thousand people. In Russia, the average urban population was significantly higher: in 1979 - 83 thousand people, and in 2010, 88 thousand people. The high population of Arctic cities is preserved due to the fact that the bulk of the population lives in cities with a population of more than 50 thousand people. In 1979 76.8% of the population lived in such cities, and in 2010 - 71%. An insignificant part of the population lives in small towns with a population of up to 10 thousand: in 1979 – 0.3%, in 2010 – 1.1% (Table 3).
Table 3. Distribution of the cities of the Arctic zone of the Russian Federation by population and average urban population according to the censuses of 1979, 1989, 2002 and 2010.

<table>
<thead>
<tr>
<th>Indicator</th>
<th>1979</th>
<th>1989</th>
<th>2002</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>The number of urban population, thousand people</td>
<td>1851,92</td>
<td>2475,255</td>
<td>2098,769</td>
<td>1997,562</td>
</tr>
<tr>
<td>Number of cities</td>
<td>26</td>
<td>30</td>
<td>38</td>
<td>37</td>
</tr>
<tr>
<td>Of these, with the number of inhabitants:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>less than 5 thousand people</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td>4</td>
</tr>
<tr>
<td>5-9.9 thousand people</td>
<td></td>
<td></td>
<td>4</td>
<td>1</td>
</tr>
<tr>
<td>10-19.9 thousand people</td>
<td>5</td>
<td>4</td>
<td>9</td>
<td>9</td>
</tr>
<tr>
<td>20-49.9 thousand people</td>
<td>12</td>
<td>12</td>
<td>13</td>
<td>14</td>
</tr>
<tr>
<td>50-99.9 thousand people</td>
<td>3</td>
<td>8</td>
<td>7</td>
<td>3</td>
</tr>
<tr>
<td>100-249.9 thousand people</td>
<td>3</td>
<td>2</td>
<td>2</td>
<td>4</td>
</tr>
<tr>
<td>250 thousand people and more</td>
<td>2</td>
<td>3</td>
<td>2</td>
<td>2</td>
</tr>
<tr>
<td>The average population of cities, thousand people</td>
<td>71,2</td>
<td>82,5</td>
<td>55,2</td>
<td>53,9</td>
</tr>
<tr>
<td>The average population of Russian cities, thousand people</td>
<td>83,0</td>
<td>91,0</td>
<td>87,3</td>
<td>88,6</td>
</tr>
</tbody>
</table>

A special status in the settlement network is occupied by cities with a population of more than 100 thousand people, classified as large. In 2015 they were 169 of such cities, of which 6 are located in the Russian Arctic. The number of residents living in cities with a population of more than 100 thousand people decreased from 1,258 million people in 1979 to 1,238 million people in 2010 or from 67.9% to 62%. There are 7 cities having a population of more than 100 thousand people in 2015: Arkhangelsk (350 thousand people), Murmansk (305 thousand people), Severodvinsk (186 thousand people), Norilsk (176 thousand people), Novy Urengoy (115 thousand people), Noyabrsk (107 thousand people).

4. URBAN-TYPE SETTLEMENTS IN THE RUSSIAN ARCTIC

In the resettlement system of Russia, unlike the vast majority of countries, there are two categories of urban settlements - town and urban-type settlements. The second category appeared in the 1920s as a transitional form between real cities and rural settlements. It was assumed that with the development of industry and other non-agricultural branches of the economy, urban village would grow and eventually be transformed into real cities [Simagin, 2009]. Life has shown another. The majority of the town has not become cities, but have been transformed either into rural settlements or ceased to exist. From 2002 to 2010, the number of rural settlements decreased from 63 to 43, and the population living in them decreased from 256,9 to 175,4 thousand people. The number of urban-type settlements decreased to the greatest extent in the Chukotka Autonomous Area - from 13 to 5. On 4 units of them became less in the Murmansk region and the Yamal-Nenets Autonomous Area (Table 4).
Table 4: Number and population of urban-type settlements in the Russian Arctic, according to the censuses of 2002 and 2010

<table>
<thead>
<tr>
<th>Region</th>
<th>2002</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>The number of urban villages</td>
<td>The number of population, thousand people</td>
</tr>
<tr>
<td>Total</td>
<td>63</td>
<td>256,854</td>
</tr>
<tr>
<td>The Komi Republic</td>
<td>10</td>
<td>47,461</td>
</tr>
<tr>
<td>The Sakha (Yakutia) Republic</td>
<td>7</td>
<td>18,244</td>
</tr>
<tr>
<td>Krasnoyarsk Region</td>
<td>3</td>
<td>3,924</td>
</tr>
<tr>
<td>Arkhangelsk Region (without Nenets Autonomous District)</td>
<td>3</td>
<td>10,286</td>
</tr>
<tr>
<td>Murmansk Region</td>
<td>16</td>
<td>90,341</td>
</tr>
<tr>
<td>Nenets Autonomous Area</td>
<td>2</td>
<td>7,631</td>
</tr>
<tr>
<td>Chukotka Autonomous Area</td>
<td>13</td>
<td>13,444</td>
</tr>
<tr>
<td>Yamalo-Nenets Autonomous Area</td>
<td>9</td>
<td>65,523</td>
</tr>
</tbody>
</table>

* Including 2 urban-type settlements without a population in the Chukotka Autonomous Area

** including 3 urban-type settlements without a population in the Komi Republic

The prevailing view is that all urban villages that do not have the prospects for growth and transition to cities must be transformed into rural settlements. An exception can be made for the settlements in the Russian northern and eastern regions, where the importance of urban villages in settlement systems is greatest, as well as in poorly urbanized regions. There, many mining urban villages play the role of organizing centers of large territories, forming the framework of urban settlement [Polian, 1988].

5. CONCLUSION

We analyzed the development of the population of cities and urban-type settlements. This allowed us to make a series of proposals. First, we need to define the concept of the development of urban-type settlements in the Arctic [Lytkina, 2014]. Today the city (even a
large one) is not able to develop independently to a form that presupposes self-sufficiency. An isolated city without a thought-out concept of development is unlikely to become a unit of development. We believe that such a formation can become a region, and the city become its centre [Bayandin, Bayandina, 2011]. Such a breeding ground for the Arctic urban development can be the Arctic land part as a single region of integrated development.

Secondly, the reduction of urban and rural settlements leads to an intensive washout of the population from interurban space. The small number of cities and significant distances between them lead to low territorial mobility of the population; Slow modernization of the way of life and much worse adaptation to socio-economic changes in the vast interurban spaces. One of the most negative results of this trend is spatial «contraction», that is, a reduction in the developed space, and first of all in peripheral territories of all kinds [Weinberg, 2013]. This is one of the problems that has no unequivocal solution. On the one hand, it is necessary to enlarge the settlements, develop the city network, give new life to rural settlements and on the other - it is necessary to develop the Arctic land part of Russia. This is due to the fact that the Arctic is an outpost between the mainland and neighboring states. It is necessary to have a certain settlement network based on the geopolitical and defense interests of the country.

Thirdly, today there is no unambiguous position regarding the size of the northern and Arctic cities. One can not apply one approach to Arkhangelsk and Murmansk, which have a century-long history, and to new cities created in the wasteland (Vorkuta, Noyabrsk, Novy Urengoy, Norilsk and Severodvinsk). We believe that most of the Arctic cities could or even should serve as the base cities, excluding Arkhangelsk and Murmansk.

ACKNOWLEDGMENTS

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REFERENCES


PROBLEMS OF EVALUATING THE TAX BURDEN LEVEL IN UKRAINE

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Abstract: The article reviews problems of evaluating the level of tax burden in Ukraine. The dynamics of a Total Tax Rate index is given by certain countries of the world as of from 2013 to 2015. This index value is compared between Ukraine and other countries. Basing on the statistical data, the rate of tax burden in Ukraine as of from 1997 to 2015 is calculated. Its dynamics analysis is conducted. The problems are defined which appear during evaluation of the tax burden level in Ukraine. Among main problems, the following are considered: corruption rank, ambiguity of calculation methodology, large share of economics in the black economy sector, growth of tax burden due to additional expenditures.

Keywords: tax burden, Total Tax Rate, tax revenue, shadow economy, corruption

1. INTRODUCTION

One of the factors which determine the structure and pace of social reproduction and the type of relationship between the state and taxpayers is the level of tax burden. As known, the source of tax payment is gross domestic product (GDP) which is the cost of all material goods produced in the country during specific time range and designed to satisfy social needs in economy. In its turn, GDP consists of amortized cost and surplus value, or national income. The amortized cost, or the cost of consumed means of production, requires continual refunding. Without it, the process of enlarged reproduction is impossible. Taxes shouldn’t be applied to this part of gross domestic product because otherwise it would mean that society has begun eating away national wealth created by preceding labor inputs.
2. TAX RATE AND INDEX OF TAX BURDEN IN UKRAINE

Only surplus value should serve as the source of tax payment. However, there are certain restrictions concerning redistribution of surplus value. The amount of labor compensation has to ensure reproduction needs of citizens and the amount of additional income of enterprises has to ensure the possibility of uninterrupted manufacture. Russian scientist I. Ozerov noted in his work “Outlines of financial science” that in terms of taxation system, negative effect on production should be avoided; violation of this condition leads to cutting of the fund which provides finances needed for payment of taxes [1].

The World Bank evaluates influence of taxes through a Total Tax Rate index which is calculated as a ratio of tax collections (with the exception of VAT, general sales tax, personal income tax) to an income before the imposition. The World Bank calculates that this index fluctuates markedly from country to country.

Table 1. Total Tax Rate in certain countries of the world during 2013-2015 [2,3,4]

<table>
<thead>
<tr>
<th>Country</th>
<th>Total Tax Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2013</td>
</tr>
<tr>
<td>Australia</td>
<td>47,5</td>
</tr>
<tr>
<td>Austria</td>
<td>53,1</td>
</tr>
<tr>
<td>Belgium</td>
<td>57,7</td>
</tr>
<tr>
<td>Brazil</td>
<td>69,3</td>
</tr>
<tr>
<td>China</td>
<td>63,7</td>
</tr>
<tr>
<td>Finland</td>
<td>40,6</td>
</tr>
<tr>
<td>France</td>
<td>65,7</td>
</tr>
<tr>
<td>Germany</td>
<td>46,8</td>
</tr>
<tr>
<td>Canada</td>
<td>26,9</td>
</tr>
<tr>
<td>Israel</td>
<td>30,5</td>
</tr>
<tr>
<td>Italy</td>
<td>68,3</td>
</tr>
<tr>
<td>Japan</td>
<td>50,0</td>
</tr>
<tr>
<td>Luxembourg</td>
<td>21,0</td>
</tr>
<tr>
<td>Poland</td>
<td>43,8</td>
</tr>
<tr>
<td>Switzerland</td>
<td>30,2</td>
</tr>
<tr>
<td>United Kingdom</td>
<td>35,5</td>
</tr>
<tr>
<td>Ukraine</td>
<td>55,4</td>
</tr>
<tr>
<td>United States</td>
<td>46,7</td>
</tr>
</tbody>
</table>

Thus, for example, over the years 2013-2015, Total Tax Rate did not exceed 21% in Luxembourg and fluctuated from 26,9% to 21% in Canada. At the same time, Total Tax Rate value was 68,3-69,3% in Brazil and fluctuated from 69,3% to 65,4% in Italy. As to Ukraine, index value during researched years exceeded 50%.
As the world experience shows, state taxation system should contribute to solving of a double problem: on the one hand, to ensure budget revenue which would be enough for the state to function; on the other hand, to stimulate activity of business entities. In Ukraine, while constructing the system of taxation which meets the requirements of competitive business environment, the world experience of combining of direct and indirect taxation was used.

The following taxes are collected from payers: personal income tax, tax on profits, VAT, excise duty, ecological tax, rental tax, real estate tax, etc. The rates level of indicated taxes is generally not higher than in other countries; however, Ukrainian scientists quite often discuss the question of the tax burden level. According to some authors, tax burden in Ukraine is quite severe and others disprove this statement [7]. Basically, business representatives complain about the high level of tax burden while public authorities defend theses on the necessity of new taxes imposition or raising tax rates and expansion of tax assessment bases.

One of the existing methodologies of calculating tax burden on the macro level is based on the correlation of tax collections to GDP of the country. There are different ideas in economic literature concerning the body of taxes and charges which are taken into account while calculating tax burden as well as regarding an index which amounts of payable taxes should be correlated to.

Calculations conducted in accordance with the mentioned formula and based on statistical data show that the tax burden (without including special purpose funds revenues) on the macro level in Ukraine fluctuates from 24,4% to 25,6% as of from 1997 to 2015 (table 2). The lowest level of the tax burden was in 2001 (18%) and the highest falls on 2015 (25,6%).

Over the time range of the research, tendencies of an increase of the above index can be seen as well as its decrease (figure 1). An abrupt decline in the tax burden took place from 1998 to 2001. Starting from 2011, there was a tendency for the tax burden to rise.

**Figure 1.** The dynamics of the tax burden index in Ukraine over the period 1997 to 2015 (calculated by the author basing on data of State Statistics Service of Ukraine [5,6])
Table 2. An index of tax burden in Ukraine over the years 1997-2015 calculated basing on data of State Statistics Service of Ukraine [5,6]

<table>
<thead>
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<th></th>
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<tr>
<td>1</td>
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<td>6</td>
<td>7</td>
<td>8</td>
<td>9</td>
<td></td>
</tr>
<tr>
<td>Tax revenue, million UAH</td>
<td>20015,8</td>
<td>21848,3</td>
<td>25130,4</td>
<td>31317,5</td>
<td>36716,7</td>
<td>45392,5</td>
<td>54321</td>
<td>63161,7</td>
<td>98065,2</td>
</tr>
<tr>
<td>Special purpose funds revenues, million UAH</td>
<td>1697,6</td>
<td>4408,9</td>
<td>3907,6</td>
<td>5079,2</td>
<td>1111,2</td>
<td>472</td>
<td>736,7</td>
<td>844</td>
<td>1353,6</td>
</tr>
<tr>
<td>Gross domestic product, billion UAH</td>
<td>93,37</td>
<td>102,59</td>
<td>130,44</td>
<td>170,07</td>
<td>204,19</td>
<td>225,81</td>
<td>267,34</td>
<td>345,11</td>
<td>441,45</td>
</tr>
<tr>
<td>Tax burden (without including special purpose funds revenues), %</td>
<td>21,4</td>
<td>21,3</td>
<td>19,3</td>
<td>18,4</td>
<td>18</td>
<td>20,1</td>
<td>20,3</td>
<td>18,3</td>
<td>22,2</td>
</tr>
<tr>
<td>Tax burden (including special purpose funds revenues), %</td>
<td>23,3</td>
<td>25,6</td>
<td>22,3</td>
<td>21,4</td>
<td>18,5</td>
<td>20,3</td>
<td>20,6</td>
<td>18,5</td>
<td>22,5</td>
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<td>9</td>
<td>10</td>
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<td>15</td>
<td>16</td>
<td>17</td>
<td>18</td>
<td>19</td>
</tr>
<tr>
<td>98065,2</td>
<td>125743,1</td>
<td>161264,2</td>
<td>227164,8</td>
<td>208073,2</td>
<td>234447,7</td>
<td>334691,9</td>
<td>360567,2</td>
<td>353968,1</td>
<td>367511,9</td>
<td>507635,9</td>
</tr>
<tr>
<td>1353,6</td>
<td>2148,3</td>
<td>3641,2</td>
<td>3347</td>
<td>2159,5</td>
<td>2772,7</td>
<td>1029,1</td>
<td>826,1</td>
<td>673,3</td>
<td>543,9</td>
<td>558,9</td>
</tr>
<tr>
<td>441,45</td>
<td>544,15</td>
<td>720,73</td>
<td>948,06</td>
<td>947</td>
<td>1120,6</td>
<td>1349,2</td>
<td>1459,1</td>
<td>1522,7</td>
<td>1586,9</td>
<td>1979,5</td>
</tr>
<tr>
<td>22,2</td>
<td>23,1</td>
<td>22,4</td>
<td>24</td>
<td>22</td>
<td>20,9</td>
<td>24,8</td>
<td>24,7</td>
<td>23,2</td>
<td>23,1</td>
<td>25,6</td>
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<tr>
<td>22,5</td>
<td>23,5</td>
<td>22,9</td>
<td>24,3</td>
<td>22,2</td>
<td>21,2</td>
<td>24,9</td>
<td>24,8</td>
<td>23,3</td>
<td>23,2</td>
<td>25,7</td>
</tr>
</tbody>
</table>
Evaluation of the tax burden in Ukraine requires taking a few problems into consideration. First of all, the methodology of calculating the tax burden index in the country given above has a number of inaccuracies. There is no agreement of opinion among scientists regarding what should be included in a numerator of the tax burden index. Some experts consider only tax revenue to be included; others take special purpose funds revenues into consideration as well. As can be seen from table 2, the difference between the values of the tax burden index over the period 1997 to 2000 was quite essential depending on whether special purpose funds revenues were taken into account: it constituted 1.9% in 1997, 4.3% in 1998, 3.0 and 2.9% in 1999 and 2000 correspondingly. Starting from 2001, the difference shrinks markedly. Considering that, for tax payers, allocations to special purpose funds have taxing nature, it is sensible to account special purpose funds revenue in order to get more objective evaluation of the tax burden.

Second, measurement of GDP in Ukraine is conducted with an essential margin of error; thus, some enterprises conduct business in the shadow economy. Over the last years, there has been political, social, and economic instability in Ukraine. Attitude of tax payers to tax payment depends on the trust to government and authority of laws. Disappointment in the actions of politicians and unsteadiness of tax regulations cause distrust of citizens and, as a result, lead to concealment of income. Besides, longtime influence of a crisis condition on activity of business entities has a negative effect on the level of their profitability. Those business entities whose activity appeared to be susceptible to crisis events and became almost impossible within legal boundaries, began working outside the legal sector either in part or in whole. According to different estimates, from 40% to 60% of GDP in Ukrainian economy is created in a shadow sector of economy which is not covered by taxes [8].

Third, conditions should not be forgotten in which tax payers conduct their activities. Quotations for goods, which in large part determine amounts of tax accruals, given quite high level of corruption, sometimes depend not on the correlation of demand and supply in the market but on complexity of corruption schemes and amount of extra contractors.

Fourth, the weight of the tax burden in Ukraine rises also due to expenses which go along with tax payment and cover the following: record keeping related to calculation of tax liability, payment for additional permits, payment for audit firms and legal experts advice, automation of the work on preparation of tax reporting. Considering instability of tax regulations and quite large amounts of penal sanctions in Ukraine, there is a widespread tendency for native tax payers to request an advisory opinion. According to estimates of The World Bank, even after introduction of the Tax Code, tax management system in Ukraine remains complex.

3. CONCLUSION

Activity of business, attraction of investments, marketability of national product in the foreign market, and plenty of other factors depend not least of all on the tax burden level in the country. According to data of The World Bank, Total Tax Rate index in Ukraine has high value. In regards to the methodology of correlating tax revenue to GDP, the tax burden level in the country over the last years has come closer to 25% and has moved beyond. Besides, evaluation of the tax burden in Ukraine is tied to a number of problems. Some of them have
methodological nature (absence of universal method of calculation); others are related to such negative phenomena in the economy as corruption, shadow economy, additional expenditures that go along with calculation of tax liability, which piles on the pressure of taxes on tax payers. Stated problems need solving.

REFERENCES


THE INFLUENCE OF ICT ON THE ECONOMICS’ EFFICIENCY

Lyubov Kuratova

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Abstract: Currently, the functioning of the economy of any territory can’t be imagined without information infrastructure, which affects on all areas of human activity, smoothing differentiation of life quality in urban and rural areas. In this regard, it is important to analyze the impact of ICT on economic performance. One of the best methods may be correlation and regression analysis.

Keywords: Information and communication technologies, the northern regions, correlation and regression analysis

1. INTRODUCTION

In modern society, the functioning of the economy of any territory cannot be imagined without an information infrastructure. Information and communication technologies (ICT) become especially relevant for the socio-economic development of hard-to-reach settlements. ICT can be used in various spheres of human activity – telemedicine, e-Prescription, E-learning, e-banking. Due to ICT, it is possible to smooth out the differentiation between the quality of life in the city and in the countryside.

At this moment, there are two points of view about the ICT’s impact on the economy efficiency. Followers [Solow, 2009; Solow, 1987; Brynjolfsson, E., 2003] of the first point of view believe that the economy efficiency does not depend on ICT. ICT cannot be a factor of creating competitive advantages and are only a socially necessary infrastructure resource. Nobel laureate Robert Solow in 1987 led the paradox: «You can see the computer age everywhere, but in performance statistics». This paradox refers to the slowdown in productivity growth in the United States in the 1970s and 1980s despite rapid development in the field of ICT over the same period. [Solow, 2009; Solow, 1987]. ICT (free Skype calls, online newspapers / magazines, e-mail) are not fully reflected in official statistics, so it is impossible to assess
their contribution to GDP. A statistical analysis of the data of more than six hundred companies, conducted by Eric Brianjolfson, revealed that it takes 5-7 years to show the effect of increasing productivity through investments in ICT. For every dollar invested in computer equipment, companies need to invest another nine dollars in software, training and business processes. The impact of ICT (exactly how and to what extent) on economic growth and productivity is poorly predictable and difficult to identify.

In recent years, studies that disprove the Solow paradox had been appeared. They show that ICT impact on productivity and competitiveness. The analysis led to the conclusion that the total efficiency of ICT use can be considered in two aspects and at three levels:

- economic aspect - ICT influence the growth of the territory’s economy (country, region) or enterprises (GDP / GRP, productivity, competitiveness);
- social aspect - ICT, being an important element of the social infrastructure, influence the increase in the living standards of the population (Table 1).

According to the estimates of the McKinsey, 12% of the world trade is carried out through Internet trading. According to the WEF [The Global Information Technology Report, 2015], ICT (fixed and mobile telephony, broadband Internet access) affects GDP growth and the level of global poverty. Even a 10 percent increase in fixed broadband penetration results in a 1.35 percent increase in GDP growth in developing countries and a 1.19 percent increase in developed economies. The level of absolute poverty in the world (the number of people whose income is less than $1.25 per day) fell from 1.9 billion in 1981 to 1.3 billion in 2010. But at the same time, the WEF has revealed another paradox: ICT driving economic growth and leading to decreasing global inequality at the same time contribute within-country income inequality.

Experts believe that informatization of health care can significantly reduce costs. In particular, the introduction of an information system for patient registration reduced expenditures by AUS300 million per year, by reducing the number of errors and duplicating the actions of medical personnel (Australia), and replacing the paper recipes with electronic prescriptions helped to reduce costs by €180 million per year (Germany).

An analysis of the ICT’s effectiveness was carried out on the example of the Russian Federation’s northern regions, the territories of which fully belong to the regions of the Far North and equated areas: the European North - the Komi Republic, the Karelia Republic, the Arkhangelsk and Murmansk regions; Asian North - the Sakha Republic (Yakutia), the Tyva Republic, Kamchatka Territory, Magadan and Sakhalin regions, Khanty-Mansiysky, Yamalo-Nenets, Chukotsky Autonomous Areas. The indicators of the society’s informatization were analyzed from open official sources [The Komi Republic in figures, 2016; The Karelia Republic in figures, 2016; The Arkhangelsk region in figures, 2015; The Murmansk region in figures, 2015; The Khanty-Mansiysky Autonomous Area in figures, 2016; The Tyva Republic in figures, 2016; The Magadan region in figures, 2016]. Due to the lack of data, the analysis was conducted in the whole region, without division into urban and rural areas.
### Table 1. Methodological approaches to the analysis of the ICT's effectiveness

<table>
<thead>
<tr>
<th>Methodological approach</th>
<th>Author</th>
<th>Difficulties of calculations</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Territory</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>The Computing Technology Industry Association [Platonov, 2007]</td>
<td></td>
</tr>
<tr>
<td></td>
<td>McKinsey Global Institute [Ten ideas to maximize the socioeconomic impact of ICT, 2015]</td>
<td></td>
</tr>
<tr>
<td></td>
<td>World Economic Forum (WEF) [The Global Information Technology Report, 2015]</td>
<td></td>
</tr>
<tr>
<td><strong>Social infrastructure</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Estimation of economic efficiency</td>
<td>Vladzimirsky A.V. [Vladzimirsky, 2011; Vladzimirsky, 2007]</td>
<td>Absence of all necessary statistical data in the open access. It is necessary to take into account the time lag. The influence of ICT is vaguely indicated.</td>
</tr>
<tr>
<td><strong>Enterprise</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Financial methods: 1. Information Productivity</td>
<td>Paul Strassmann [Strassmann, 1997; Pisello, 2010]</td>
<td></td>
</tr>
<tr>
<td>2. «Intuitive» model</td>
<td>Sarv Devaraj, Rajiv Kohli [Devaraj, 2006]</td>
<td>Complexity in the calculations due to the indirect influence of ICT. It is impossible to explain causality with accuracy. It is necessary to take into account the time lag.</td>
</tr>
<tr>
<td>Econometric methods: based on the Cobb-Douglas production function</td>
<td>Platonov V.V. [Platonov, 2007]</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Mary O’Mahony, Michela Vecchi [O’Mahony, 2002]</td>
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</tr>
</tbody>
</table>
2. DATA AND PRELIMINARY EMPIRICAL RESULTS

One of the most important factors of spatial differentiation of ICT is the social welfare factor. The coefficient of correlation between GRP per capita and a number of indicators of ICT distribution in Russia during 2010-2015 was 0.9. It shows a strong positive relationship between the indicators.

The correlation coefficient between GRP and the volume of communication services in all regions of the Russian North was from 0.8 to 0.9, which also shows a positive effect on the GRP level.

A high correlation coefficient between GRP and ICT costs is observed practically in all regions of the Russian North, except for the Karelia Republic, the Arkhangelsk Region, Sakhalin Region and Magadan Region. One of the reasons for this is that the costs of ICT are laid in the regions’ budgets for the medium-term perspective according to the planned indicators.

The next factor that is important for the development of ICT in the region can be designated as innovation. The costs on the development of ICT (acquisition of computers, software, payment for telecommunication services, training of employees, payment for services of third-party organizations and ICT specialists) in the regions of the European North increased in 2014 by 30% compared to 2010. The greatest increase of costs on the development of ICT (45%) occurred in the Republic of Karelia and in the Arkhangelsk region. In the regions of the Asian North and Russia as a whole, the costs on the development of ICT have doubled. Among the regions of the Asian North, the greatest increase of the costs on the development of ICT occurred in the Yamalo-Nenets Autonomous District. In this region, the costs on the development of ICT have grown six-fold.

The volume of investments in fixed assets for the acquisition of ICT also increased in 2014 compared to 2010. In the European North, the volume of investments increased by 58%. In the regions of the Asian North the volume of investments increased by 6%. In whole Russia the volume of investments increased by 71%. A positive strong correlation between GRP and the volume of investments in fixed assets for the acquisition of various information and communication equipment is observed in all northern regions of Russia.

ICT made the largest contribution to the GDP’s growth through human capital, improving the quality of life of the population. According to Maslow’s pyramid, ICT can be classified as higher needs groups:
- social connections – ICT can satisfy the need for distance communication, new types of ICT can identify a person as belonging to a particular class;
- the need for self-actualization – ICT can realize a person’s abilities, his self-education, primarily due to the possibilities of the Internet.

Therefore, it is not surprising that there is a strong positive correlation between GRP and the number of computers in households - from 0.70 to 0.97. A weak correlation between GRP and the number of mobile phones is observed in the Kamchatka Territory and the Murmansk region.

An important factor is the availability of IT infrastructure (computers, office equipment, servers, data network software, telephone networks). It is no accident that the correlation coefficient between the number of computers and the number of households with Internet access, as well as the number of Internet users, ranges from 0.73 to 0.99.

In the regions of the European North the number of personal computers used in
healthcare facilities per 100 doctors in 2014 increased by 14%, compared to 2012 and in the regions of the Asian North - by 17%. In whole Russia this indicator grew by 8%. The number of computers connected to the Internet has also increased. In the regions of the European North this indicator grew by 50%, in the regions of the Asian North – by 63%, and in whole Russia – by 36%.

3. REGIONAL FEATURES

Let’s consider in more detail the impact of ICT on the economy of one of the regions of the Russian North - the Komi Republic. The Komi Republic is located in the northeast of the European part of the Russian Federation.

In previous studies, we found that an important factor affecting the distribution of ICT in the Komi Republic, especially in rural areas, is the geographical factor. The development of new types of communication in the region is greatly influenced by the basic infrastructure. In particular the development of the Internet network is still taking place along the transport and economic axis. The spread of ICT in the republic is characterized by an urban orientation. Almost two-thirds of the population lives in the cities of the republic. Large organizations and branches of federal organizations, large educational and healthcare institutions are also located in cities. There is a differentiation of access to information and communication services, both in terms of the number of operators and the quality of communication in urban and rural areas. The configuration of the location of ICT networks leads to the emergence of one of the types of social inequality of the population - the «digital inequality».

Due to the fact that only 14% of the total number of organizations in the region are located in rural areas, their ICT development indicators are not high in all-republican indicators, but they grow from year to year (Table 2).

Table 2. Use of ICT in organizations located in urban and rural areas of the Komi Republic for the period 2007-2015.

<table>
<thead>
<tr>
<th>Indicators</th>
<th>Urban areas</th>
<th>Rural areas</th>
</tr>
</thead>
<tbody>
<tr>
<td>Organizations using the PC, %</td>
<td>70</td>
<td>30</td>
</tr>
<tr>
<td>Organizations using local-area networks (LANs), %</td>
<td>73</td>
<td>27</td>
</tr>
<tr>
<td>Organizations using the Internet, %</td>
<td>71</td>
<td>29</td>
</tr>
<tr>
<td>Organizations that have a website, %</td>
<td>85</td>
<td>15</td>
</tr>
<tr>
<td>Costs of organizations for ICT development, %</td>
<td>97,5</td>
<td>2,5</td>
</tr>
</tbody>
</table>

In 2015, compared to 2007, in rural areas of the region, the number of organizations using PCs increased by 3%, LANs - 12%, Internet - 51%. The number of organizations with websites has increased seven-fold over the period. The cost of ICT increased by 83%.

For one year, one urban organization spends more than 400 thousand rubles on the development of ICT. The ICT costs of organizations in rural areas are eight times less. In the cost structure of urban organization the largest share is spent on paying for services of third-party organizations and ICT specialists (30.1%), as well as payment for telecommunication
services (27.2%) (Figure 1). In organizations located in rural areas, more than half of all ICT costs relate to the payment of telecommunication services. This is due to the fact that in rural areas there is no possibility to choose a provider of telecommunication services, to choose a tariff or there are no communication lines at all. This fact forces the organizations to use satellite connection, which leads to high costs. Urban organizations spend quite a lot of money (20%) on other costs, which include the costs of developing software tools on their own. The costs for staff involved in the development of ICT in organizations in urban and rural areas are very small – only 0.12% of total costs. This can constrain the development of ICT.

![Figure 1. Structure of ICT’s costs of organizations in urban and rural areas of the Komi Republic](image)

The correlation analysis between the balanced financial result of organizations’ activities and ICT development indicators (ICT costs, number of PCs in organizations, connection of organizations to the Internet and the availability of the organization’s website) revealed the correlation with medium or low strength between the indicators.

Due to the fact that one of the leading industries in the Komi Republic is the forest industry, it was decided to analyze the effectiveness of ICT introduction in enterprises of this industry. However, statistical agencies do not provide data on the costs of enterprises that are classified as «commercial secrets» of enterprises. So the cost of ICT for a forest enterprise was estimated. It was also revealed that the head offices of enterprises take into account the total costs of ICT, including the costs of their branches, so it is impossible to determine territorially where these costs were incurred.

The conducted correlation analysis revealed a positive dependence of profit on the cost of ICT in wood processing enterprises. The enterprises with negative correlation dependence were also revealed, one of them is in the rural area.
4. CONCLUSION

ICT are a tool that improves the quality of life of the population, which is especially important for rural areas. However, their effectiveness in Russia is difficult to assess because of the lack of statistical data. One of the best methods for assessing ICT for efficiency can be correlation and regression analysis. The analysis made it possible to conclude that the key factors of spatial differentiation of ICT in the Komi Republic are the social well-being and geographical features of the region. There is a positive impact on the GRP level of the volume of communication services, ICT costs and investments aimed at the acquisition of information and communication equipment. ICT costs of organizations located in rural areas are much less than those of urban organizations. The analysis revealed the dependence of profit of forest industry organizations on the cost of ICT.

ACKNOWLEDGMENTS

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SYSTEMS ANALYSIS OF POLITICAL E-MARKETING AND PERSONAL BRANDING IN THE USA PRESIDENTIAL ELECTIONS OF 2016

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Abstract: Upon elaboration on the historical origins, with ontological and taxonomic analysis of the current business, political and technological terminology in use today, this work presents an analysis of the strategic approach to the use of the modern information and communication technology (ICT), of the Internet and electronic commerce in political campaigns of marketing and promotion of particular ideological views, as well as in the personal branding of politicians, with the special attention to the presidential elections. Particular example analyzed was the case of the 2016 presidential elections in the United States, which was one of the most illustrative cases showing how cyber technology based electronic marketing could be applied and how it was used by the winner of the elections President Donald Trump. Based on systems analysis and theory of communication protocols, this work also presents a unique formal general definition of marketing with its application to political marketing in a democratic process. In the context of the defined hybrid marketing, the use of the inbound political marketing with the reversed direction of marketing communications, not towards the voter but towards the candidate, has been identified as an original and effective approach to planning and execution of political e-marketing activities.

Keywords: Personal branding, electronic commerce, political market, electronic marketing, political culture, politician’s perception, hybrid marketing, political campaign, democratic process, elections.

1. INTRODUCTORY REMARKS

The terms “business”, “management” and “marketing” are widely used in almost all languages of the world, even in Russian and Serbian. Parallel to the metamorphosis of the old world as we knew it, into the global village, we are also witnessing a sort of global metamorphosis of almost all languages, cultures and even individual ways of thinking. Adoption
of modern Anglo Saxon business terminology has multiple reasons. One of the main reasons is awkward translation and lack of one word equivalents in many languages. For instance, from the Serbian notions “buying and selling”, “making and maintaining operational order” as well as “publicly announcing availability and value”, which require several words to precisely represent the semantic content or meaning, it is much easier and practical to simply use one word Anglo Saxon terms “business,” “management” and “marketing.” Instead of resisting to what French media call “Anglo Saxon cultural imperialism” and domination [1, 2 and 3], it is much more practical to accept, and use, new to all nations of the world, one word terms, such as “business”, “management”, “marketing”, “Internet”, and so on.

The development of modern information and communication technologies (ICT), with the advancement of the Internet use to run entertaining and business application software, helped propagation of the Anglo Saxon technology related terminology. Even though all of the modern business and technology related terms originate from the North America, people refer to this new vocabulary as English.

From the language sequence of “Greek, Latin and English,” one may conclude that languages of global importance, throughout history, have been, and remain today, languages of global assertiveness of imperial and colonial powers. It is interesting that in the absence of American, Australian, Scottish or British languages, England and not America or Great Britain, is the one that presents itself as modern imperial power dictating global trends in business, science, technology, and even culture. In this context, nothing parallels English and nothing appears more opposed to these dictates than the Arabic language. Arabic language, as a mandatory language to be used in religion appears as the global language of the Muslim world, supported by Saudi Arabia as an imperial power. The fact that Arab culture in essence is opposed to all activities related to profitability and banking, did not stop many countries in the Arab world to accept democratic political processes, Western technology and the way business is conducted in the Anglo Saxon world.

The meaning of “imperial and colonial power” has certain negative connotation that implies intrusion, forced discipline, a loss of goods and freedom of the colonized. On the contrary to all axiomatic assumptions, each of the historical empires, such as Ancient Greek, Roman, Anglo Saxon, or Arab empire, through the colonization or their form of globalization of certain geographic areas, has performed expansion and positive unification within their prosperous worlds. With rare exceptions, it appears that each globalization effort driven by the superior culture has introduced more freedom and prosperity to the colonized worlds. This seemingly contradictory view is directly opposed to the emotions of those with the nostalgic attachments to the worlds of the past, to those with belief systems that are impervious to facts. Without new freedoms and prosperity, the above mentioned globalizing powers would not possibly last for as long as they did, [4].

The first great colonial power, Ancient Greek alliance of city states, has introduced to the Mediterranean world something that is known today as politics and democracy. By definition, democracy is related to all agreements and activities of a group of people who can speak freely about the issues of common interest, which can freely negotiate by creative presentation of arguments, and can align opinions of the majority and minority, in a form of mutually accepted decisions and views known as laws. While these decisions and views might be called the legislation or laws, a creative presentation of arguments may be viewed as logical, or semantic marketing and sales of ideas. The sales price of political ideas appears to be a free acceptance of arguments by the previously opposing party, without application
of any physical force. Presentation of the arguments in support of political ideas leading to political agreements may be viewed as a form of political marketing. In addition, one may say that democratic political process makes democracy look as some kind of information market, where messages with logical semantic value can be traded. Ancient Greek market place in Athens known as “Agora”, was also a form of information market. Ancient Athenians would engage in public speech and debate, and appear as conducting political marketing aiming at the final “sale” of the winning political agreement.

Technological progress and ICT availability present great possibilities to modern day politicians and political campaign managers. ICT can be used to enlarge population of participants in the democratic process and to cover millions of citizens. Strange enough, until the emergence of the so far unseen political phenomena of Donald Trump, available ICT infrastructure and modern high-tech mechanisms were used for political debates and activities under the protocols unchanged since the Ancient Greece of Pericles. We can claim that current president of the USA, according to some accidental [5] winner of the last presidential elections, in a quite intentional and premeditated manner, far from any stochastic, randomness or accidents, made significant contribution to the history of politics and evolution of democracy. In a very creative and innovative manner, using profound market analysis and perfect application of the ICT cyberspace as a platform, Donald Trump has practically revolutionized political marketing. Donald Trump has literally made a paradigm shift in the field of political processes management. Using the latest Internet communication applications, such as social networking programs, he has opened real-time communication channels with millions of voters at a marginal cost, and by doing so he has managed to outdate democratic mechanisms of the past. Trump’s short tweeter messages, passionate YouTube speeches, and massive blog postings have become harbingers of a new era of high-tech politics.

Are we to expect the replacement of the old fashioned Senate and Congress of the old Roman style with the cyber Congress and the cyber Senate with millions of cyber senators and cyber congressman debating on topics of common interest, will remain one open question. The powers of the past are opposing the progress that Donald Trump has signaled. Quite trivialized right to just vote for or vote against has already become insufficient in the complex globalized democratic world. Apparently, Donald Trump has declared a need to investigate and develop new paths towards better communication of political ideas.

In this paper we discuss some key elements of the political process in the cyberspace, emphasizing economic dimension. We also analyze the strategic planning of political marketing and electronic personal brand promotion that Donald Trump has demonstrated during the election campaign in 2016.

2. MEDIA, NEWS AND POLITICAL MARKET ANALYSIS

Popular text book on political marketing “Mass Media and American Politics” [6] and other similar books [7, 8 and 9], in a reader friendly manner present historical evolution of various forms of political communication, as well as factors that shape daily mass media semantic content and news coverage. Authors, Graber and Dunaway [6], specifically elaborate on media and journalists, and on how voters are affected by the news content.

The explicit recognition of the media importance in the political process has been recognized in the 18th century. For instance, as early as 1776, Thomas Paine has started printed
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media (hard copy) political campaign against English colonial rulers of North America. In his writings [10] he elaborates on problems of American politics and the media. Thomas Paine’s address was aimed at the average American reader. In plain English he was trying to bring mainly negativities of living in the same state with English. He wrote about the “crowded” America, of sufferings of Americans in intolerable circumstances and he called for large investments in American military industry of the time, in the naval fleet. Upon deep data analysis of numerous speeches of Donald Trump, the authors agree that writings of Thomas Paine and speeches of Donald Trump have many elements in common, i.e., they are strongly correlated.

Modern mass media technology and semantic landscape, handled by the technology, have evidently brought significant changes with respect to the media of the past. One particular media content change is the growing presence and tolerance of negativity and incivility, [11,12 and 13]. Modern journalists, who are in charge of shaping up presentation form, i.e., format specifics of the news, frequently rush to report captivating news loaded with negativity. It appears that emotional influence on consumers of the news content is more important to the media owners than the informative influence. Reporting positive informative news may be considered by some editors and journalists alike, as less exciting and even boring.

Current tendency of the American mainstream mass media (MSM) to attract audience attention by impression, shock or amusement [14] has inspired some politicians to use the same strategy in their personal political branding, public appearance and political marketing. One of the most successful modern political figures that has effectively used mass media audience acquired trait to favor impression, shock and amusement, is US republican presidential candidate and the winner of the 2016 elections, Donald Trump. Donald Trump has used his previous mass media engagements to study both, the media and the audience. Being exceptionally intelligent and observant, he has acquired enough of the experience needed to effectively use new defining attributes of the modern mass media and its content consumers.

Without any doubt, the news media influences people’s political views. Donald Trump and his political marketing managers were aware that news coverage is hard, if not impossible, to purchase, (in the marketing sense to push), but quite easy to obtain for free (in the marketing parlance to pull).

Peter Hitchens [15 and 16] critical out of the box writer, explains that modern conforming journalists are actually becoming servants of their government and the establishment. In the environment of news industry, being in a quiet agreement with the establishment, the contest between political parties has been reduced to negativity or unpopularity competition. Hitchens writes how modern parties are offering change without alteration and how politicians are able to win office without any principles or ideology. In his opinion, conservatives are certainly not conservative any more, and political parties of the UK and USA are all blending into one view party. Many researchers share this view with Peter Hitchens [17, 18 and 19] and also agree that populist parties of right orientation tend to emerge when mainstream parties converge. Political market research has shown that main stream parties tend to converge towards the main stream or mean value voter, while other parties, being different appear as radical or populist [20 and 21].
Donald Trump has most definitely conducted very thorough political market analysis and has quite creatively planned his political marketing campaign. His early interviews indicate that he was aiming at the White House for over four decades. Previous elections have proven that winning elections as a member of a third party would be unacceptable to almost all powerful lobby groups [23]. The state of two converging parties was well analyzed by Donald Trump. His decision to leave Democratic Party in December 2011 [24] and join Republican Party was one of the key strategic political marketing movements. Democratic Party had its candidate in the White House for eight years, and according to the unwritten agreement the time has come for a republican candidate to enter elections and win without major resistance in the lobby circles. The alleged agreement, possible only between convergent parties, has been signaled by the presence of a large team of competent, experienced, young and charismatic republican candidates faced with two aged democratic candidates, one with the pronounced speech handicap and the other in poor health. Bipartisan agreement to alternate presidents may be likely if candidates would not depart from the common political line. The most undesirable departure from the common party course would be in the domain of foreign politics.

Based on his political market analysis, Trump apparently made a decision to announce himself as a candidate of difference, to take populist third party position but align himself with the Republican Party, to openly support the most powerful AIPAC lobby, and in the spirit of Thomas Paine, to support stronger military and greater America. We shall not elaborate on the issues of why US main parties are converging and why were most of American voters ready for the presidential candidate that not only promises a change, but keeps promises and works on changes. We leave interesting topics of why were American voters ready for a change, and why has middle class income steadily declined since 1970, to researchers.
working in the field of economics, social sciences, domestic and foreign politics, etc. To accentuate the crisis of the growing lower class and the declining middle class, we present statistical summary of savings bank accounts of Americans in 2016. Statistics report shown in Figure 2 indicates that almost 70% of Americans are poor and are most likely full time unemployed [25]. This report partly clarifies why politics as usual to Donald Trump and his supporters was unacceptable.

![Figure 2. Average savings accounts of US citizens in 2016, [25].](image)

Donald Trump has perfectly matched his positioning strategy to the situation in the political market as well as to his past experience in business, and experience accumulated while dealing with politicians and mass media.

In his writings and public appearances, Peter Hitchens highlights pictorially the “flock mentality of journalists,” explaining how the news is made, how news coverage is guided, and describes the presence of occasionally crude and sometimes refined bias in the news. Danielle Sremac, in her book “War of Words” [26] documents so far never seen details of refined use of well worded and choreographed news in the political marketing. Danielle Sremac has devoted her book to the mass media participation in rationalizing the costly military aggression on Yugoslavia in 1999, and aggression that has paved the way to the sequence of even more costly military actions. Following on this so called “flock mentality of journalists,” with most of the journalists assuming the predefined position that democratic presidential candidate Hillary Clinton was a candidate of the establishment choice [27], Donald Trump has launched a series of radical and politically incorrect speeches. He knew that his call for the wall along US-Mexican border would be taken as an embarrassing
and welcome in the news delivered by the media houses owned by his opponents. By rising the tension and by tolerating continuous rewording of his statements taken out of the original context, news misreports of his bigotry, sexism and radicalism, Trump has managed to pull massive attention. Advertised heavily by the negative, what he calls “fake news,” he has managed to fill up sports arenas and theatres with thousands of ticket paying supporters. We refer to the semantic marketing strategy of this sort as the pull by inversion of purpose.

Donald Trump has perfectly understood the technological transformation of the mass media space. The rising importance of the Internet and the introduction of numerous social media applications have brought new dimensions to the contemporary media. Trump was well aware of the cyberspace capabilities, of the power of a new web journalism, and of the possibilities to make election process web coverage available at voter’s convenience. He discovered how to use cyberspace to pull voters attention. In addition, he knew that modern smart phones are Internet work stations in the hands of millions [28] and that cyberspace could be used to circumvent main stream media bias. Simply, he knew that the main stream media will not be main for too long.

We consider all encoded data and ICT powered data storage, processing and communication infrastructure as cyberspace. Following up on such a view and definition of the cyberspace, we model different cyberspace events using three dimensions of cyberspace activities described in [22]. To better understand political electronic marketing or e-marketing of Donald Trump in the cyberspace we quantify his efforts in each of the dimensions shown in Figure 1. Three dimension of the model are represented by:

- Axes T labeling technological dimension (hardware and software or ICT),
- Axes I labeling semantic or information dimension, and
- Axes C labeling contextual or physical space and physical activities dimension.

C dimension covers the environment of all ICT systems and processes, i.e. all physical objects, subjects and activities related to what may be taking place in the remaining two dimensions. Our systems and deep data analysis indicate that Donald Trump has positioned his political e-marketing deeply in the first quadrant of the model shown in Figure 1, while his opponent Hillary Clinton has positioned her activities in the cyberspace mostly along the C axes of the model. For strategic reasons, speeches of Hillary Clinton lacked significant information content; she rarely spoke and barely used technology. She relied mostly on the heavily financed push style of marketing of Donald Trump’s negativities.

Donald Trump has started transformation of politics and democratic processes by extending political market from the two dimensional (C, I) space in the direction of the third T-dimension. He has announced that democracy of tomorrow in the globalized world will be impossible without the ICT support.

3. POLITICAL E-MARKETING

Marketing is commonly defined as an activity or processes of creation, communication, delivery and exchange of offering-messages that have value for customers, clients, partners or consumers in general. Some analysts look at marketing as a management process by which goods and services move from concept to customer. Marketing and sales are evidently
two different concepts and activities. Marketing is message exchange activity and sale is goods or services trading activity. If the ultimate goal of any business activity is to sell goods or services to the satisfied customer, right before the sales closing, marketing activities end. Figure 3 illustrates simplified ad hoc model of the sales chain, indicating that marketing ends when sales closing starts.

![Figure 3](image_url)

**Figure 3.** General model of the sales chain with production, marketing, sales and consumption.

Marketing as a process involves planning, design of marketing material, and execution of promotion and advertising. For example, new car models are usually the subject of intense marketing campaigns. Manufacturers of goods or suppliers of services, marketing teams and sales, distribution and delivery teams do not have to belong to the same organization.

If the subject of sales activity is some sales entity that could be a product, some goods, a right or some service, we may offer the following formal definition of marketing:

**Definition 1:** Marketing is a collection of specific communication messages and activities having as a purpose increased probability of selling of some sales entity in the given period of time.

This definition focuses on the marketing as a form of communication using messages to promote sales. Sales promotion is any activity that makes a sale more likely.

In general we may distinguish three forms of marketing:

- Push marketing,
- Pull marketing, and
- Hybrid or push-pull marketing

The push and pull terms were originally used in logistics and supply chain management [29 and 30].

Push marketing involves combined resources of sales entity owners, wholesale distributors, retailers or sales agents and sales facilitators, applied to creation of new, or enhancement of the existing consumer purchase demand. The most common push marketing method is paid advertising. Investment and payment for the advertisement clearly separates push marketing from the pull marketing. Excessive investment into unsuccessful push marketing campaign is one of the most frequent reasons for new business failure [31].

Push marketing based on paid advertisement uses a model-of or a message-about a sales entity and uses a marketing vehicle, e.g. a showroom, shop window, point of sale display, a bill board, main stream media presentation, Web site, etc., to informs consumer of sales entity availability and its market value.

Marketing communications are often very complex and constrained by the large number of parameters, so that innovative approach to strategic planning and execution of these
communications is one of the key success factors. Marketing efforts must be measured and justified by the values of the:

- Probability of sales,
- Projected sales price and volume, and
- Limited sales time interval.

High probabilities of selling a product in a period of one year or one day have different values for the seller, and therefore one should never neglect the parameter of time. Time parameter is of particular importance in the case of political marketing which usually has synchronized sale closing with the day of elections.

**Definition 2:** E-marketing is technology of delivering marketing messages in the cyberspace.

E-marketing, sometimes referred to as e-mail marketing, Internet-marketing or online marketing is based on direct application of the principles and methods of marketing using Internet ICT, or operating along T-axes of the model shown in Figure 1.

Since marketing is frequently hybrid in nature, involving push and pull approaches combined, and since multiple communications vehicles and models may be used in parallel, every new marketing vehicle is more than welcome.

Different sales entities are subject to different methods of marketing. Marketing complexity and unpredictable outcomes make marketing look sometimes as a kind of art. How much marketing may look as an art is best illustrated by the Donald Trump’s political campaigns in 2016.

One of the decisive political marketing moves of Donald Trump was to apply hybrid marketing approach with numerous parallel mechanisms of political message delivery. By using hybrid e-marketing in the cyberspace based on the whole plethora of social networking Internet applications, Trump has managed to single out his candidacy among many extraordinary republican primary elections candidates and distinguish himself as an exciting and inspiring option with respect to the Democratic Party candidate in the final elections.

**4. NEW PROTOCOLS OF POLITICAL E-MARKETING**

Media stars and politicians were first harbingers of a relatively new sub-field of marketing known as personal branding. An excellent example of a personal brand is political figure of Russian President Vladimir Putin. Vladimir Putin carefully presents a picture of himself as a thoughtful, sober, emotionally balanced, educated, cultured man with Western manners, on the one hand, and on the other, as physically strong and healthy athlete, eloquent and enduring speaker capable of debating for hours, coping with an army of curious and provocative journalists as well as with hostile debate opponents. His personal marketing of an extraordinary public figure is an example of the most successful political marketing of a kind so far, acknowledged in Russia and among the intellectuals of the world too [32].

In his strategic approach to political marketing of his personal brand, Putin has never tried to impose his personal brand upon the foreign political audience that would not have at least 10 minutes of free time dedicated to his marketing messages. Putin has managed to identify well defined political market in the West and has managed to approach it in the cyberspace using vehicles like YouTube, blogs and portals such as rt.com.
Putin is aware that the mass media in the West have great superiority when it comes to effective delivery of short projective or suggestive messages. Being realistic, he does not try to address the audience with such messages. He has ignored great segment of political market in the West but does not do the same in Russia. His reasons are very practical. Consumers of very short political messages are mostly voters-consumers of the main stream media such as television or daily press. Consumers of multimedia messages requiring more than 10 minutes of attention are predominantly computer literate, better educated, and more intellectual with the potential to possibly influence policy making in their countries, or to contribute to the spreading of a positive image about Putin.

Choreographed speech, word selection, tonality and body language are very important in public addressing. There are many ways to train and educate public speakers on the subject of selecting the words, gestures, gaze control, control of facial grimaces or setting body positions in relation to listeners. President William J. Clinton [33], and Russian president Putin [32] are among the greatest masters of speech and body language skills. It is interesting that Donald Trump has neglected audience manipulative speech and body language techniques. In other words he did not value too much activities in along the context-dimension C of the model shown in Figure 1. Public addressing technologies such as Neuro Linguistic Programming (NLP) [34, 35 and 36], were rarely used by Trump. Donald Trump had his activities intensified in the semantic (I) and technology-based (T) dimensions of our cyberspace activity model. His current neglect of these two dimensions as the President of the United States signals early signs of some future presidential problems. As a candidate and political e-marketing maestro, Trump may not be able to maintain his mastery of the cyberspace as a president.

![Figure 4](image_url)

**Figure 4.** a) Point-to-Point duplex topology or unicast-unicall. b) Point-to-Some Points simplex topology or multicast. c) Point-to-All Points simplex topology or broadcast. d) Point-to-All Points simplex topology or broadcall.

Former President Barack Obama was the first president who raised more funds using ICT than using conventional means of donations by cash, checks or money transfers. In his second presidential campaign he has managed to collect 1123 million dollars [37]. All of the raised funds were invested in political marketing. It appears that US democracy facilitates one sublime industrial complex which, directly or indirectly, employs huge number of people. The strategic political marketing planning certainly starts with the identification and
attraction of the potential donor population. Planning to announce himself as a candidate of change, Trump has avoided using the most generous and the most influential donors. His plan was to minimize spending on MSM push marketing, to maximize pull marketing, to maximize use of the cyberspace options and widen his free political maneuvering space. By focusing mainly on the political electronic marketing, Trump has bought himself freedom.

Donald Trump has started his political marketing campaign with his own funds of only 10 million dollars enhanced by the donations collected during his entertaining and tiresome speeches across America. Political marketing campaign of his opponent Hillary Clinton and Barack Obama had price tags of over 1000 million dollars spent mostly on overpriced MSM services. Donald Trump’s failure to match his Democratic Party counterparts in spending on MSM services has definitely antagonized MSM houses.

In order to gain services of the MSM, Trump has designed radical and controversial marketing strategy based on frequent and intense speeches loaded with negativity and political incorrectness. In the so called inversion of purpose, slinging mud on Trump in the MSM, paid by his opponents, helped Trump gain public attention that he could not otherwise afford. At the expense of his opponents he found himself spending a record time in the programs of all major TV networks, obtaining a record space on the front pages of leading newspapers and magazine and also having his name blasted by the high profile Hollywood and sports stars. Just in 2016, marketing by the inversion of purpose, has brought Trump’s face ten times on the front page of the famous Time magazine.

Compared to the conventional methods of push marketing protocol represented by the simplex broadcast topology in Figure 4c), electronic marketing has potential to enable low cost communications with large number of potential consumers using all protocols shown in the Figure 4. Donald Trump has used all of the topologies and protocols shown in Figure 4. He has managed to implement even the broad-call protocol in the cyberspace which none of the politicians have even tried so far. His tireless presence in the cyberspace and his use of tweeter communications has earned him a derogatory nick name “tweeter-in-chief,” [38].

In all systems of modern democracies only limited number of participants could take place in sometimes crucial debates. Small numbers of elected delegates follow multicast simplex protocol (See Figure 4 b) where delegates take turns as speakers. Besides this protocol limitations, excessive promotion of the national security, even in the absence of tangible threats, is further limiting the information flow, causing the operational point in the three dimensional model to move towards C and I dimensions, and so reduce the number of possible participants in debates of importance. Innovative Internet social networking applications, such as pollmole [39, 40 and 41] are offering possibilities to elected candidates to stay in productive communication with voters even after elections. Whether President Donald Trump will embrace new possibilities in the cyberspace, as he did being a candidate, remains one vital and open question.

5. CONCLUDING REMARKS

To politicians such as Donald Trump or Vladimir Putin the importance of creative personal branding and design of a strategic political campaign leading to the maximized population of satisfied voters was one crystal clear political goal.
As a presidential candidate, Donald Trump followed several elementary strategic rules [42]. He made sure that his messages were simple and short, with a focus on the campaign branding slogan “Let us make America great again.” While other candidates, with larger budgets acted as big corporations that pushed promotional content to the consumer-voter using multicast and broadcast simplex protocols (See Figure 4 b and c), Trump behaved as a small startup company that creates high-quality information content in the cyberspace and, through the inversion of purpose, uses MSM to pull supportive audience, (See Figure 4 d).

With relentless presence on social networks, Trump continuously maintained attention of his widening and energized audience. Complementing his cyberspace activities in the semantic or information dimension, he tirelessly kept filling up halls and sports arenas with excited audience that was willing to pay an entry ticket to see or hear him. Important element of his political marketing was the intensity of his presence both physically and in the cyberspace.

David Meerman Scott [43] considers Donald Trump a marketing genius, a genius who managed to hijack media of his opponents and grab himself more than 5000 million dollars worth of MSM time and space. As a businessman, Trump was aware that a good salesman has to know his product well and his clientele even better. He knew very well both, what he was offering, and what his voters needed to hear. He kept promising change. His promises of “drying the swamp” in Washington [44], knowing that such promises would please large number of American voters worked well for him. We observe that 70% of poor and 15% of lower middle class Americans (See Figure 2) sums up to 85%, which is exactly how many voters who valued a change did vote for Trump. As many before him, Donald Trump managed to win presidential elections as the candidate of change, which will be very difficult to realize. Massive inertia and the tremendous weight of the US political system will be hard to move, unless Donald Trump, now as a president, come up with some new creations.

Even though a billionaire candidate, Trump was able to apply marketing solutions characteristic for poor candidates. The key innovation, never seen so far, was a creative hyperactivity in the cyberspace. Although driven primarily by his decision not to spend too much, and by the authentic nature of his personality, political marketing applied by Donald Trump in the cyberspace was more than impressive.

In our discussions of political e-marketing and sales, we use the term of sales entity to refer to some physical or logical object or service that is for sale. Logical sales entities involve data with semantic or informational value to the consumer. An example of a logical sales entity could be some certification message, a right to use some facility, consulting or legal advice that may cost much more than the time or media used to deliver it, etc. As president, Donald Trump is expected to provide to his voters logical sales entities, in a form of his experience, expertise, talents, and proper decisions made. Polling and measurements of approval rates are far from sufficient for successful presidency. Short term, near real time feedback and the broadcall information flow may be of the essence. Donald Trump as a candidate, has literally introduced a political revolution in the United States, and now as a president he is expected to demonstrate new protocols of “sales guarantee and maintenance of quality!”

This paper presents additional results of the predictive analytics and deep open data analysis that were, as preliminary results announced in January 2016 [45] and further discussed in January 2017 [46].
REFERENCE


[38] Brenna Williams, “Twitter tips for our tweeter-in-chief @realdonaldtrump (and the rest of us),” CNN Politics, Jan 19, 2017.


ROLE OF MANAGERS AS KNOWLEDGE WORKERS IN INNOVATIVE ORGANIZATIONS

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Abstract: Modern organizations that base their activities on knowledge can only maintain their competitive ability by engaging knowledge workers. Managers as knowledge workers are focused on building an innovative culture of the organization, which brings to the fore creative and innovative skills of all employees. Work of all knowledge workers should be primarily focused on creating new values, i.e. the innovation of processes, products and services, with which organizations build lasting competitive ability. Although the role of managers is specific (requires special knowledge, skills and abilities), they must be exercised in a synergistic unity. In modern organizations that build a culture of knowledge, these roles are complementary, and they integrate through a powerful mechanism of joint values, which is supported by creative and innovative individuals, but also the functioning of efficient teamwork.

Keywords: knowledge workers, knowledge management, knowledge culture, innovative organization, Knowledge Manager

1. INTRODUCTION

Modern society in an era of pervasive globalization is based on knowledge, thus many theorists call it Knowledge Society. In such a society, professionally trained and qualified personnel, as knowledge workers, are the greatest treasure of the organization in achieving long-term competitive ability. Today’s emerging global society - a society of knowledge, is based on the philosophy of Lifelong Learning, and implies the responsibility not only of individuals, but also groups, teams, organizations and society as a whole for qualitative development in the future. The biggest challenge for managers in developed economies is to increase the productivity of knowledge workers and service staff. Not only knowledge workers, but all employees must be committed to achieving the strategic development goals, and contribute to the success of the organization. Knowledge workers are ... “key employees that
create invisible added value - knowledge, and they always carry it with them when they change employer.” (Taradi, 2005) Knowledge workers are those persons who on the basis of the knowledge base and experience, create new methods, techniques and procedures, on the basis of which they successfully operate and create new values. The point is to avoid the use of conventional methods that hampers them in finding and implementing creative solutions. Every organization strives to attract, and retain knowledge workers as priceless innovative potential, who unlike other employees easily generate new values. The authors point out that “management in Serbia is not trained to act in the turbulent entrepreneurial organization that exists in the modern world”. (Radosavljević, Tomić, 2006) In the literature in the field of knowledge management, special emphasis is placed on the place and role of managers as knowledge workers.

2. KNOWLEDGE WORKERS

2.1 Definition and basic professions of knowledge workers

Knowledge workers are a special category of employees who work in the knowledge society. On the basis of knowledge, individually or in teams, they create added value in products and services, and thereby strengthen the competitive ability of their organizations. The biggest challenge for managers in developed economies is to increase the productivity of knowledge workers to create new value, and only “knowledge workers in the long run, build competitive advantage of organizations and society as a whole”. (Tropenauer, 2010) Knowledge workers are not all employees in the organization, but only those who based on the specific knowledge, skills and experience create new processes, products and services, ie. a new value for the organization. The authors point out that... “it is good to have a few dedicated people, but all employees in the organization must contribute to the success of knowledge management.” (Davenport, Prisak, 1988) Knowledge workers enjoy a lot of trust in the organization which allows them decision-making in the context of their knowledge competences. Knowledge workers understand the power of their influence, knowledge, activities and responsibilities in the area in which they operate. They accurately define the range of their activities, understand employee information and potential resources, and are licensed to operate within that area. Due to increased market demand and high transferability of their skills, knowledge workers are becoming the most dynamic and the most precious “goods” in the knowledge society. The largest number of theorists within knowledge management, emphasize the importance of the following professions - professions: Knowledge Manager, Manager of Education and Training, Manager of Technology and Information Manager (Taradi, 2005: 23). Managers as knowledge workers must have a brilliant characteristics such as creativity, inventiveness and innovation, training, perseverance, ingenuity and professionality (Radosavljević, 2008: 106).

2.1.1 Knowledge manager – CKO (Chief Knowledge Officer)

For the implementation of knowledge management the organization needs to train the right people, i.e.... “knowledge management needs knowledge managers.” (Taradi, 2005) All the organizations that introduce knowledge management (MK), develope on the model
of a Learning Organization, and in order to ensure continuity of learning and developing new skills they task knowledge managers. Guns (1998: 315) points out two primary roles of knowledge manager: effective management of knowledge in the whole organization, i.e. building of an organization based on the “learning organization” with developed infrastructure for the storage and transmission of knowledge between employees in the organization.

**Figure 1.** Top qualities of knowledge manager (Guns, 1998: 317-319)

Most authors highlight the importance of the integrative role of knowledge manager, which incorporates the role of other knowledge workers in a model organization that provides the functionality of four elements: infrastructure, management skills, behavior of employees as knowledge workers, the results of innovative activities - application of knowledge and performance of employees and the organization as a whole (Taradi, 2005: 26). Knowledge infrastructure implies the existence of a quality of information and communication technology (ICT) in an organization, the system employed for rewarding a useful application of the knowledge, and research and development (R & D). Developed infrastructure of knowledge contributes to the creative behavior of employees in the use of new knowledge, its level of use, better performance, organizational performance, increased productivity, and innovation (Taradi, 2005: 26). The primary role of knowledge manager is ... “to transform knowledge into profit through managing and influencing the intellectual capacity of the organization (IC), and because of that the organization needs to develop as a learning organization and develop the knowledge infrastructure.” (Guns, 1998) The essential role of knowledge manager is... “structuring the knowledge base of the organization and its management and development so as to raise to a higher level of consciousness of the entire organization on the importance of knowledge.” (Probst et all. 1999) Knowledge Man-
ager, regardless of the size of the organization and the level of responsibility must be able to ... “to deal with unstructured knowledge, create structured knowledge, and link the two in order to increase the value of the organization.” (Cvetek, 2005). Knowledge Manager must be able to institutionalize incentives for the dissemination of knowledge, broaden “bottlenecks” in the organization of knowledge, and incorporate knowledge into the work and processes, ie. implement knowledge management in the organization (Taradi, 2005: 24). Davenport and Prusak (1998: 115) have determined three essential duties of knowledge managers: build a culture of knowledge, create infrastructure for knowledge management, and integrate both to make the organization successful. The success of knowledge manager is measurable only with the synergic effects of linking other managers as well as workers’ skills in achieving organizational success.

2.1.2 Other roles of managers as knowledge workers

Manager of Education and Training - CLO (Chief Learning Officer) is one of the most common professions in the context of knowledge management. For a successful operation of manager of education there are three key activities: optimal planning and implementation of programs for professional development and training of employees to acquire the necessary competencies for successful work, developing competence models of training employees as experts, the implementation of modern ways, forms and methods of learning for acquiring the necessary knowledge and skills within the organization (e-learning, etc.), instead of the traditional (seminars, lectures, visits to trade fairs, etc.) that are “sluggish” and less effective (Taradi, 2005: 26). Some authors believe that the role of manager of education and training is more complex than the role of knowledge manager, and is demanding in terms of possession of adequate competencies. Some organizations have created ... “a related role of manager skills, ie. manager of education and training that integrates both: knowledge management and support of organizational learning”. (Pirc, 2000) The manager of education and training, according to most scholars dealing with knowledge workers, under the management of knowledge must be very knowledgeable with complex knowledge in several areas of work and activities of the organization.

Technology Manager - CTO (Chief Technology Officer) is one of the most complex professions of management skills that come to life in high-technology and the most advanced innovative organizations. Smith (2003: 11) points out that since 1980 the world’s largest companies have begun to install CTOs, aware of the importance of new and innovative technologies to ensure competitiveness. Manager of technology controls, monitors and critically evaluates new technologies, he is a kind of innovative technological supervisor in the organization’s activities in this field. Technology Manager must have substantially long experience in introducing modern technology, as the new role he must be ... “able to identify risks and determine the return on investment in technology.” (Smith, 2003) In the literature of knowledge management, which explicitly deals with the management of technology and CTO character, his role is often referred as ‘technological gatekeepers “. TGK (Technology Gatekeeper). Tschirky (in 1998 Taradi, 2005: 29) points out that CTO as technological gatekeeper selects technological information and seeks and provide information and technical and technological knowledge for employees who need it. Particular support is provided for creative and innovative employees in the department for research and development (R & D) who are intensively engaged in the creation and use of knowledge. Manager of Technol-
ogy as a technology gatekeeper follows and filters external technical and technological information coming into the organization, and prevents the “massive bombardment” of quasi or competing technologies. Technology Manager in large companies usually directs the work of innovation development centers and innovation centers.

**Information Manager - CIO (Chief Information Officer)** is one of the most common and standard professions within the Knowledge Management. Numerous organizations stress the completely new role of an information manager. From the aspect of system implementation of knowledge management in innovative organizations, besides the already accentuated professions (CKO, CLO, CTO), manager of information is an indispensable link in the functioning of the entire system. Bennet and Neilson (2003 in Taradi, 2005: 30) point out that the primary role of the CIO was related to the purchase and maintenance of equipment, and the development and protection of computer networks. In the original role the CIO had no obligation to control a number of information that appeared and piled up at the networks and systems. Earl and Scott (1999 in Taradi, 2005: 30) point out a number of areas of activity of CIO, of which the most important are: developing a strategy in the field of information technology, operation of information technology, the creation and management of integrated information technology system that allows unhindered access to the most modern knowledge. CIO is primarily an expert with a lot of knowledge about information technology, and the effects of investing in them. By investing in the right IT, CIO contributes to greater efficiency and effectiveness of the organization in business and reducing unnecessary losses, ie. failed investments.

### 2.2 Interaction of managers as knowledge workers

Managers as knowledge workers, individually or in teams, create added value products and services, and thereby strengthen the competitive ability of their organizations. Modern scholars generally agree that ... **“the biggest challenge for managers in developed economies is to increase the productivity of knowledge workers and service staff.”** (Tavčar, 2005)

Morello and Caldwell (2001 in Taradi, 2005: 33) define knowledge workers as people who enjoy the trust of the organization, and this gives them right to make decisions within their competence and have the four essential characteristics: understand the power of their influence, knowledge, activities and responsibilities on the area in which they operate, define, influence and assist in the design of its areas of activity, understand employee information and potential resources within the area, and have a permit (the power) to act within that area. Every organization strives to attract, and retain knowledge workers as an invaluable innovative potential, which unlike other employees easily generate new values. Knowledge workers differ from each other (Taradi, 2005: 33): they carry out the work, based on knowledge, which is based on the task (task-based knowledge work), knowledge-based work, which is based on the ability (skill-based knowledge work) and knowledge-based work aimed at innovation (innovation-focused knowledge work). Theorists within the knowledge management (KM), emphasize the importance of linking managerial role of knowledge workers. In the process of coordination and synergy of linking managerial role of knowledge workers, the central role is assigned to Knowledge Manager (CKO). Top management delegate significant powers and responsibilities to managers of knowledge. Delegation of authority is ... **“giving power of attorney to employees so that they can take control and...”**
make appropriate decisions to improve the quality, or troubleshooting.” (Radosavljević, 2008) Manager of knowledge in most organizations has the competence and authority to exercise creative collaboration with the Manager of Education and Training - CLO, Manager, Technology - CTO and Information manager - CIO (Taradi, 2005: 39). In view of the fact that the manager of knowledge (CKO) is in direct connection with the top management organization, his partnership with other managers is essential for accomplishing a high personal confidence in creating innovative culture organization.

Figure 2. Knowledge manager in interaction with other knowledge workers

3. CONCLUSION

Modern organizations that base their activities on knowledge, maintaining their competitive ability can only achieve by engaging knowledge workers. Managers as knowledge workers are focused on building an innovative culture of the organization, where to the fore come creative and innovative skills of all employees. Work of all knowledge workers should be primarily focused on creating new values, i.e. the innovation of processes, products and services, with which organizations build lasting competitive ability. In order to become a reality in practice innovative organizational culture or the culture of knowledge, it is necessary to provide a multitude of pre-conditions which are of strategic importance. Knowledge workers in the organization must have full freedom in expressing their creative and innovative options. The management of the organization must be tolerant to errors of knowledge workers that appear when you experiment with new ideas. Knowledge workers need to have stimulative innovative management with which come to the fore managerial competence of
many leaders, built on the principles of subsidiarity and deserved authority. The organization must build an effective system of remuneration which must adequately evaluate creative and innovative employees who create new value. Innovative organizations build a culture of knowledge where individual and team work are not mutually exclusive, but complementary and bring more satisfaction and challenges in the work of all knowledge workers.

4. REFERENCES

Abstract: The increase in crime rates in many countries, resulted in a drastic increase in the number of prisoners. However imprisonment produced negative consequences for the perpetrators and for society, which led to the fact that in the second half of the twentieth century there comes reviewing of existing prison sentences and finding of adequate solutions to punish offenders. Alternative criminal sanctions have proven to be a necessity, whereby their range is limited and in view of their versatility and its validity they can be evaluated differently. The system of criminal sanctions of the Republic of Serbia also has been enriched with alternative sanctions which gives greater opportunity for individualization in determining the criminal sanctions to prisoners, especially avoiding imposition of short-term prison sentences that have, in practice, proved inadequate. In addition, the introduction of alternative sanctions is a result of the adoption of a number of international legal acts which aim to mitigate or reduce the retributive character of punishment. In relation to penalties, alternative measures have a number of advantages that can be reduced to human nature, a lower degree of repression, as well as the participation of the community in the execution of these measures in order to achieve social reintegration.

Keywords: alternative criminal sanctions, community service, house arrest, electronic monitoring

INTRODUCTION

When discussing alternative criminal sanctions it usually raises a dilemma why do we search for these kinds of sanctions and what is their contribution, because the conclusion is known that the system of criminal sanctions provided in national criminal law is not effective. However, there are legitimate reasons for the above because there are some simple sentences that cannot be carried out, for example, a prison sentence due to excessive overcrowding in prisons. Although it is often emphasized that alternative sanctions mean the search for a more humane form of execution of criminal sanctions, it should be established that that motive despite everything is not in the foreground.

Alternative criminal sanctions are based on the principle of individualization of criminal force against offenders. The goal of alternative criminal sanctions is to reach as many as
possible of the positive effects of the execution of sanctions and reduce to the lowest level the negative effects. From the earliest times, the society has been trying to protect itself from different shapes and types of crime of individuals and groups by different measures. Historical records show that crimes were for a long time punished with harsh punishment: the death penalty, bodily mutilation, and only later, with the development of commodity-money relations from the composition they were able to distinguish fines intended for country (as well as criminal sanctions) and the compensation intended for the damaged (as civil sanctions). The most radical changes in the way of punishment in the history of human society (especially in Europe) were brought by capitalism. The capitalist mode of economy demanded free labor, so the former corporal punishment and the death penalty were replaced with new sanctions such as overseas deportation, imprisonment, forced labor, prohibition of stay in a particular place. New philosophical tendencies and breakthroughs in the field of criminal law theories influenced (admittedly only in the mid XIX century) the application of newly implemented criminal penalties. These changes, which in themselves pose a more humane attitude towards potential criminals, are also a reflection of the pragmatic need for a new way of punishment in order to achieve comprehensive control of behavior of offenders. With regard to the system of penalties, the greatest achievements of industrial capitalism is the introduction of a prison sentence. However, very early there arose the idea that prisoners can be reshaped through work (Mrvić-Petrović, 2008. p 129).

1. GENERAL CONSIDERATIONS OF ALTERNATIVE CRIMINAL SANCTIONS

There is no generally accepted definition of the concept of alternative criminal sanctions, which also represents a significant problem in the context of the present term. In addition, the very term “alternative” has multiple meanings, and also the term “alternative sentence” may be interpreted differently. According to its content alternative sanctions should be the new measures that can be applied to the offenders in a way that they may be treated more favorable, on the other hand different from the traditional criminal sanctions. It is also a concept that is still in development and that can be understood in different ways depending on whether it is linked exclusively to the system of criminal sanctions or function that the application of alternative measures of criminal punishment is achieved in the judicial system. (Ignjatović, 2006, pp. 338-339) The modern system of criminal sanctions is increasingly striving towards pluralistic administration through sanctions that are distinct in their purpose. However, some of them are designed exclusively for minors and other for adult offenders. If the meaning of alternative criminal sanctions is identified with alternative punishments, then the alternative sentences are also security measures and precautions. Security measures and precautions are a special kind of criminal sanctions, and each one has a specific purpose, but they are basically criminal sanctions. Their common feature is that they all are the means of coercion because the offender’s freedoms and rights are restricted because of the work that has been done or fulfilled the objective elements of the crime (made objective non-right). (Ignjatović, 2008, p. 4)

There are different types of measures and sanctions referred to as alternative criminal sanctions, depending on which way we approach the determination of their term. Alternative sanctions mean different measures (of medical and educational characters) that can be
applied instead of the sentence in the criminal justice system as criminal sanctions or as measures to avoid the criminal proceedings or criminal conviction. Sometimes such measures, such as mediation and settlement, can be applied outside the criminal justice system, with the influence of the criminal proceedings or the outcome.

Since they are different in the nature and function of these measures, the most beneficial alternative criminal sanctions are classified according to their content and concrete goals that they can achieve. Thus, among other sanctions, we first clearly distinguish different variants of prison treatment and shortening the duration of the prison sentence, which should achieve additional impact on the rehabilitation of the offender. Among other alternatives they differ in that they are applied retrospectively, after the court decision imposing a prison sentence. Such a modification in the phase of execution of sentence of imprisonment seeks to improve the performance of penalties and strengthen the additional impact on the offender. It should be noted that those sanctions are in the function of repair or mitigate the harmful consequences of the offense. Respective sanctions such as compensation and work in the public interest represent a real alternative, measures that did not exist in the system of criminal sanctions based on an entirely different approach to punishment. They primary should exercise appropriate influence in relation to the victim of the offense, and secondary and against the perpetrator. Within this group, it is possible to classify also the settlement and reconciliation of the offender and the victim of the offense. But, since this is not only a sanction, but also the method of reaching an agreement on compensation for damages which has its effects on the start criminal proceedings, mediation is considered separately, as a measure to be applied before starting or during criminal proceedings.(Karabec, 2005, pp. 132-133)

2. ALTERNATIVE CRIMINAL SANCTIONS IN THE PRACTICE OF THE EUROPEAN UNION

By the end of the last century, the general trend in Europe was the increase in the prison population, which is largely reminiscent of the period of twenty years earlier in the United States and Canada. Faced with the above problems and clear trends, some countries have adapted the use of alternative sanctions and changed the national system for greater efficiency in the process of conditional release and reduced number of persons serving prison sentences. Many countries increased concerned measures, with the introduction of electronic surveillance, such as England and Wales where they have been intensively used since 2000. In France, it is also a means of imposing a curfew or house arrest, while Greece has introduced a limited pilot electronic monitoring with house arrest since 2013. The most commonly used measures in European countries are:

- community service (unpaid labor for the specified number of hours or days),
- supervision or control without therapy and rehabilitation and supervision or control with the treatment or rehabilitation (for example under the control of access to training, education, the treatment of drug or alcohol addiction, the mental health care, etc.). (more in: Heard, 2016)

In addition, it is important to emphasize that the introduction of alternative sanctions allows for greater private sector involvement. Nevertheless, as a result of the application of
new technology it can be seen that tracking becomes cheaper and easier to control, and the very handling is quite simplistic. But, there always appears the risk of endangering civil liberties that may be disproportionate to the objectives to be achieved through the implementation of these measures. On the other hand one of the goals such as a trial within a reasonable time can actually be compromised if there is a long delay in court proceedings. However, this goal can be achieved to some extent if we take into account the fact that a person can easily be controlled through the application of those funds, which is also cheaper than would be the case if he is kept in custody.

Table 1: Types of sanctions imposed in certain European countries in 2006 (in percentages)

<table>
<thead>
<tr>
<th>Country</th>
<th>Alternative sanctions</th>
<th>Probation</th>
<th>Prison</th>
<th>Other measures</th>
</tr>
</thead>
<tbody>
<tr>
<td>Austria</td>
<td>6,5</td>
<td>93,5</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Belgium</td>
<td>2,5</td>
<td>34,4</td>
<td>63,1</td>
<td></td>
</tr>
<tr>
<td>France</td>
<td>3,5</td>
<td>96,5</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Holland</td>
<td>52,2</td>
<td>6,6</td>
<td>40,1</td>
<td>0,4</td>
</tr>
<tr>
<td>Germany</td>
<td>4,1</td>
<td>95,9</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Poland</td>
<td>0,1</td>
<td>9,3</td>
<td>90,4</td>
<td>0,2</td>
</tr>
<tr>
<td>Portugal</td>
<td>17,5</td>
<td>81,6</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Romania</td>
<td>1,9</td>
<td>98,1</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Hungary</td>
<td>0,2</td>
<td>4,0</td>
<td>42,5</td>
<td>53,1</td>
</tr>
<tr>
<td>Slovakia</td>
<td></td>
<td>69,4</td>
<td>21,0</td>
<td></td>
</tr>
<tr>
<td>Croatia</td>
<td>3,4</td>
<td>52,5</td>
<td>11,6</td>
<td>26,0</td>
</tr>
<tr>
<td>Sweden</td>
<td>1,2</td>
<td>88,1</td>
<td>11,9</td>
<td></td>
</tr>
<tr>
<td>Switzerland</td>
<td>14,8</td>
<td>63,0</td>
<td>22,2</td>
<td></td>
</tr>
</tbody>
</table>

When it comes to the practical application of the subject of sanctions in Europe it is very difficult to reach the objective of general indicators that point to the trend of using these measures. Without special going into the analysis of the above we need only to indicate that alternative sanctions are differently defined in national legislations as well as the fact that individual countries (e.g. The United Kingdom) have a much longer history of application of these sanctions, unlike other countries (e.g. The Western Balkan countries) that have respective sanctions implemented into national legislation at the turn of this century. Despite the aforementioned for the Republic of Serbia experiences of the developed countries of the old continent are of vital importance, particularly in the current process of integration and harmonization of national legislation with the European Union in this area. Based on statistical indicators which are converted by the unique methodology of scientific principles to achieve objectivity in many countries the number of imposed alternative sanctions is at a very low level or number i.e. the number of imposed sanctions is negligible compared to other sanctions.
3. ALTERNATIVE CRIMINAL SANCTIONS IN SERBIA

The Republic of Serbia had long lagged behind the developed part of Europe and was one of the last to introduce alternative criminal sanctions through the reform of criminal legislation in 2005. However, the very prescription of alternative sanctions marked the initial phase in the direction of a significant adjustment to the system of criminal sanctions, the standards defined by the United Nations and the Council of Europe. The beginning of the application of those sanctions has been accompanied by numerous problems of lack of organizational conditions, lack of financial support from the state, the negative attitude of professional public. All this made it impossible to achieve significant success in the implementation of these measures. (Mrvić-Petrović, 2010, p. 56)

Graph 1. Alternative criminal sanctions in Serbia in the period from 2005 to 2014

Based on the analysis of the presented data we can give a general conclusion on the application of alternative criminal sanctions in the Republic of Serbia. The general impression is that suspended sentence is dominant alternative punishment. In the analyzed period, in addition to the above sanctions (Graph 1), only in 2015 there has been recorded 1,134 home prison sentences. At the same time it is a period in which there were recorded 274,604 sanctions, and out of this number 77% are suspended sentences, 20% are monetary fines and 3% other criminal penalties. In addition it should be noted that in the period since 2010 there has been apparent tendency of reduction of suspended sentences in relation to the previous period, and the situation is same with fines. Statistical data for the period 2001-2005 show that in this period there was a certain decrease in the number of reported minors who committed offenses, and that from 2005 and in 2006 we faced the increasing number of these offenses. However, the number of convictions in 2005 was slightly lower (2,234 for the area of central Serbia and Vojvodina), compared to 2001 when there were 2,398.

In terms of fines, over a longer period of time the general impression is its decrease in the total number of sanctions in the Republic of Serbia. The analyzed period can be conditionally divided into two parts. The first period was from 2005 to 2010, when the number of fines imposed was considerably large and ranged from 10 to 20% of the total number of
sanctions imposed on an annual basis, and the second period is from 2010 to 2015, which marks the uniformity without major deviations or with a significantly reduced number of fines imposed in relation to the previous period. However, uniformity is only conditional because we see a slight downward trend in the number of sanctions imposed on the subject. During this period, fines comprised 8.2 to 11.9% of the total number of sanctions imposed. In addition to the trend of reduction of the fine, the general impression is that the respective sanction is very little used as opposed to a conditional sentence.

In the previous part of this paper it has already been stated that the suspended sentence was the most common criminal sanction in the analyzed period. With regard to these penalties we also observe two period. The first period is until the year 2010 where the number of suspended sentences was much larger than usual and in some years their number was over 50% of the total number of sanctions (in 2006 52%, 2007 56%, and 2008 57%). However, we should not be misguided by that fact that in 2010 there was recorded the lowest number of suspended sentences, because that year recorded the lowest number of prisoners (21,681 prisoners and 12,833 suspended sentences). In the second part of the analyzed period we have a balanced number of suspended sentences and their number is smaller than in the previous period. Nevertheless, the number of suspended sentences is more than 50% (the least in 2014, with 51.7% and the highest in 2011 with 58.8%). In relation to the suspended sentence judicial admonition in practice was not imposed in large numbers. The largest number of judicial reprimands was recorded in 2008 (524) and in 2015 a total of 694 (2.1%).

It is also noticeable that there is unevenness in imposition of court warning, and that there was recorded a higher number in the period from 2005 to 2009 and from 2010 recorded a rise so that in 2015 there was recorded the maximum. Compared with other sanctions analyzed, judicial admonition has its own trend of manifestation, i.e. it does not fit with the other sanctions or follows the trend of the total number of sanctions in the analyzed period. For example, in 2014 when there was recorded the highest number of convicted adults judicial admonition accounted for 1%, and in 2010 when there was recorded the lowest number of sanctions judicial admonition constituted 0.8%. In addition to the respective sanction we can give a general assessment that it is not popular in the practice of the courts in the Republic of Serbia.

When it comes to sentences of community service according to the number of completed verdicts in the analyzed period, it should be noted that the official statistics this penalty has been present since 2007, when it recorded 0.1% (48) compared to other penalties. Without specific analysis we can see a sharp rise after 2010 and the subsequent period a uniform trend, as well as a general increase in the number of sanctions imposed by the courts in the Republic of Serbia. This trend can be justified by the fact that it is a punishment that is new in national legislation, and it includes the necessary support in its implementation in practice. The percentage of these sanctions is represented with 1% (2014) to 1.2% (2011 and 2012). However, the largest number of any sanctions was imposed in 2012 (365) and 2014 (371). The present chart clearly shows the discrepancy between the period before 2010 and the period after 2011. In the first part of the analyzed period shows a very small number of 35 (in 2008) to 71 (2010). But besides that, for the reasons stated, the trend of growth is encouraging, because this sanction gets its place in the system of sanctions of the national criminal legislation.
CONCLUSION

All contemporary legislations in the system of criminal sanctions, in addition and instead of imprisonment (as the most significant criminal penalty prescribed for the majority of offenses or alternatively with other sentences), have of one or more alternative or substitute sanctions. Those are various measures of the social reaction applied by the court for perpetrators of criminal or lighter criminal offences when depending on the characteristics of their character it is not necessary to impose them (or execute imprisonment). Alternative criminal sanctions are: a fine, suspended sentence, judicial admonition, but lately there has been particular emphasis on community work, work in the public interest or work for the public good in freedom. In addition to the above, respective criminal codes have the following alternative measures: compensation, outpatient treatment or referral to training, weekend detention, house arrest, electronic monitoring, etc. Their introduction into the legal system is the result of the adoption of a set of international legal acts which are aimed to mitigate or reduce the retributive character of punishment.

In modern criminal law there is a tendency for the wide application of the different alternative measures or para-penalty criminal sanctions, which are alternatives or substitutes sentence, particularly in the short term. In relation to the sentences, para-penalty measures have a number of advantages which can be summarized as follows: humane character, lower degree of repression, established cooperation with the defendant and an active ratio in execution rates, the achievement of reparations (compensation) to the victim, the participation of the society in the execution of these measures making it easier to achieve the effect of resocialization. Despite the advantages mentioned above, the application of alternative measures is still facing a series of opponents. Due to everything mentioned so far and primarily for adequate punishment of perpetrators of minor offenses it is useful to impose alternative criminal sanctions. Imposing alternative criminal sanctions in our jurisprudence, we can safely conclude, was significantly represented and this is especially true in the presence of a suspended sentence, a much smaller fines, while the representation of a suspended sentence with supervision of the judicial practice has not seen its confirmation. I personally believe that it would be useful and more adequate to impose greater number of fines, but also in any case where a suspended sentence is imposed and there are legal conditions for the imposition of a suspended sentence with supervision, it is better to impose a suspended sentence with supervision.

REFERENCES


JIHAD AS A POTENTIAL SECURITY THREAT IN THE WESTERN BALKANS REGION

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Abstract: Modern terrorism is very often associated with radical Islamist ideology which in the name of Islam uses the methods of jihad, or i.e. holy war. The Western Balkans is an area where such security risks are today perhaps the most present, because this part of Europe, due to the turbulent history of war and always dynamic relations among the Balkan nations, is widely seen as a “powder keg” or the “area of winds of history”. As a result of historical, geopolitical, geostrategic, ethnic and numerous other factors in the Western Balkan today one can find many bases jihad, which are used for training and preparation of Islamist terrorists for everywhere in the world, but also pose a real threat to the security of the Western countries whose capacity to respond to that kind of threat, after the turbulent and war-torn nineties of the 20th century, is objectively insufficient.

Keywords: jihad, the Western Balkans, geopolitical position, geostrategic position, the base station / cell of Jihad

INTRODUCTION

The issue of contemporary international and regional security can not be considered unless we take into account all relevant potential threats which no longer respect national administrative borders. The nature of threats has changed, and terrorism is a new phenomenon facing the whole world. Modern terrorism is very often associated with radical Islamist ideology which in the name of Islam uses the methods of jihad, or i.e. holy war. As an integral part of it there are more frequent terrorist attacks all over the world. Such operations of radical Islamists aim to instill fear and to intimidate decision makers in legitimate governmental entities, as well as to draw public attention to their existence and their strength.
The wars waged for example in Bosnia and Herzegovina were not a threat to global security in the traditional way, but in a new way threatened the security system at the global level, and planted the seed that continues to strengthen, which refers to the radical Islamist ideas and activities for their use in practice through the use of force. So, these wars were stoked encouraged radical Islamists in their idea of jihad, and enabled them to practice actions that they will later implement around the world in the form of capillary attacks.

Balkan, particularly Western Balkan, is an area where such security risks today are very present. “The history of the Balkan region and relations between its nations caused the widespread perception of the Balkans as a ‘spark of eternal unrest’ or area ‘of border guards on the line worlds’, “gateway to Europe” or “bastion of Christianity‘, as the area of Eurasia which, by crossing the Danube and Sava rivers, rises to six Mediterranean seas and connects Europe and the Middle East, representing at the same time as “East to West‘and ‘West to East’. [Stevčić, 2016]

In this paper we shall consider the possibility of conducting jihad by radical Islamists as a real threat in the Western Balkans, as well as factors that speak in favor of the fact that this threat must be viewed seriously and act preventively.

GEOPOLITICAL AND GEOSTRATEGIC POSITION OF THE WESTERN BALKANS

Balkan peninsula is a geographical determinant, while the word Balkan is primarily geopolitical and geostrategic determinant that relates to a specific area, which includes Greece, Albania, Bulgaria, Romania, the European part of Turkey and countries of the former Yugoslavia - Serbia, Montenegro, Macedonia, Bosnia and Herzegovina, Croatia and Slovenia. This place is characteristic by “ethno-political fragmentation, confrontations and mutual importance of the geographical position of the interests of the great powers. [Talijan et all. 2015] “ The term Western Balkans has come into use after the secessionist war in the SFRY, and its use is justified by the great geopolitical changes that have occurred in the post-Cold War time in the Balkans. “Today, the concept of “Western Balkans” is the region composed of newly emerging, but so far non-integrated countries of the former Yugoslavia. From the corpus of these countries exempted were Slovenia, and later Croatia as a member of the EU, and Albania was added. Therefore, it is about four poor and neglected states of the ex Yugoslav region - Serbia, Macedonia, Montenegro and Bosnia and Herzegovina, which, as well as Albania, faced with numerous and varied political, economic, social, ethnic, religious and security issues that they have not been able to independently and successfully resolve.” [Talijan et all. 2015]

Figure 1 shows the position in the Balkan of the Western Balkan area.

Geopolitics is a discipline within political science that is interested in the territorial and political relations between countries in one geographical area, as well as within them, as well as between other territorial and political entities. Geopolitics is engaged in the distribution and the structural organization of political power according to regional or geographical principle, as well as the means and methods for the acquisition and strengthening of state power and the influence of the natural environment, geographical and geopolitical factors on the growing power of the state.
Geopolitical position of a region represents the sum of the natural, political, and economic factors, and it is reflected through the natural potentials, and geodemographic movements and political and cultural factors of the observed region. Geopolitical region of the Balkans encompasses a network of the Mediterranean, the Black Sea and the Caspian Sea and in this Balkan network there appears a kind of geopolitical collectivity, which has historically always been the perfect meeting place for intermingling of interests of big powers. In the current moment, experts and politicians from the Balkans often publicly argue that today Balkan is the area of interest of the USA, and Russia and the European Union, and as such the field, interlaced with numerous, often diametrically opposed interests and aspirations, Balkan has been the focal point of the European security and stability of the region.

The geopolitical importance of the Balkans is reflected in the very wide-spread and broader implication of developments in this area, namely, the impact of the Balkan events is often stretched to Russia, North Africa or the Middle East.

Figure 1. Position of the Western Balkan countries within the Balkan region

With the appearance of new state entities in the Balkans, which in the twentieth century were largely the product of armed conflicts and wars, this geopolitical space is greatly changed, and this had an impact on the growing influence of big powers in far smaller and poorer countries in the Balkan Peninsula. The influence of the United States, which in mi-
The number and structure of the population, as well as ethnic and religious affiliation also affect the geopolitical situation. For the population of the Balkan countries we can give a joint assessment that it is characterized by disproportionate development trend of Christian, Catholic and Orthodox, and Islamic etno-demographic system. For this reason geo-space of the Balkans undoubtedly falls under the influence of the Islamic world. “The greatest significance in this respect has Turkey, which is the most important geopolitical center of the Balkans. It is undisputed economic and military-political giant ... pro-Muslim support from the US / NATO in Bosnia, Kosovo and Metohija, Macedonia and Albania allows Turkey powerful geopolitical influence on the Muslims of the Balkans... Turkey realizes geopolitical ambitions in the direction of integration and connectivity of existing Muslim enclaves in the Balkans. ”[Sekulović et all. 2004]

If we observe the Republic of Serbia as part of the Balkans, and if one bears in mind the fact that the quality of neighborly interstate relations have a significant impact on the geopolitical sensitivity of the borders, it can be noted that in this case “even 55% of the borders of the Republic of Serbia is related to geopolitical unstable neighborhood - Croatia, Bosnia and Herzegovina, Albania and Macedonia. “ [Sekulović et all. 2004]

As to the geopolitical position, it is defined as the sum of specific and strategic geographic factors, which affect the positioning of specific states or wider collectivity in geographical terms, such as regions. Balkans lies in the southeastern part of Europe, whose borders are made of natural objects and its unique position connects three continents - Europe, Asia and Africa. This is one of the reasons why the Balkans for centuries have been faced with influences from Europe and Asia.

Natural objects of Balkans, which are resource of geostrategic and military-strategic importance, consist of the Pannonian Plain, the Danube Region, the Strait of Bosphorus and Dardanelles, Aegean Islands, Otranto and the Adriatic port. Furthermore, a considerable potential lies in the directions of Lombard-pannonian, Adriatic-pannonian and Albania-Bulgarian. In contemporary international relations the lines of Western influence was heading towards the east, so that the global Balkans remained a sensitive zone, for which the interest is shown both by the old and new centers of power.

Unfortunately, today we can often hear that the Balkans is the “home of Islamic extremists who are trying to destabilize Europe through their terrorist activities.“[Tešić, 2005]

UNDERSTANDING THE PHENOMENON OF JIHAD

Striving to transform all the countries of the world into a single land of Islam - *dar al Islam*, includes activities in the Arab world known as Jihad. The concept of jihad to this day carries with it a number of controversies, it is interpreted in different ways, but most often as a holy war. The missionary objective of Islam is to spread Islam to the area ruled by “infidels”, and this objective also includes the constant proof of belonging to Islam even in the declared Muslims. Because of this complexity, which involves actions spread of Islam the term jihad began to be used, to “sublimate all kinds of efforts to strengthen and expand the Islamic religion and the community based on it. “ [Jevtić, 2001]
Since Jihad has not only its armed form, may be the most acceptable definition of this phenomenon could be the definition given by M. Jevtic: “Jihad can be defined as a system of actions and procedures at individual and collective levels, which Muslims make in order to strengthen the Islamic religion and expand the community of believers.” [Jevtić, 2001]

In contemporary public on the global level phenomenon of jihad is mentioned every day, but it is intertwined with different, often wrong and superficial interpretations. After the terrorist attacks on the United States, which were carried out on 11 September 2001, the concept of jihad has been in the center of the constant interest of the world public and the security and political circles. Al Qaeda, the organization that claimed responsibility for the attack on the US, which was the first in history that affected the US territory, in its later actions called for jihad too. Abdul-Salam Faraj, one of the leaders of the group “Jihad” has argued that Islam is a religion of combat, and that armed struggle is the only possible form of jihad. To the group to which he belonged he gave the exclusive right and privilege to judge who threatens their community of believers, and on the basis of that assessment has the right to kill those who threaten Islam. [Jevtić, 2005] Such ideology and understanding of Islam as a form of combat, as was expected eventually grew into a major security risk at the global level, and the targets, or those that have been estimated as the biggest threat to this ideology of Islam were mostly the United States, NATO, and primarily Israel. However, recent developments and terrorist attacks that are related to jihad testify that today of almost all countries and almost all the inhabitants of the world have become targets.

However, in explaining the phenomenon of Jihad one must not fall into the trap that all Muslims be marked as jihadists and potential terrorists, but also, on the other hand, must not fall into the trap to ignore the religious element as a motivating factor in analyzing terrorist attacks performed as a religious mission.

When analyzing the concept of jihad one cannot bypass definitions that come from the Islamic world, and there is an often quoted notion by Matin-Daftari, a moderate Islamists, former Prime Minister of Iran and professor of public international law who emphasized that “Al-Jihad, translated and known as a holy war, is a struggle undertaken in the path of God to spread the word, spread the Islamic faith based on pure monotheism. Finally, the true goal, the ultimate essence of jihad is peace, a definitive peace for the whole mankind that would be ruled by only one religion.” [Jevtić, 2005] Even such a moderate understanding does not hide the ultimate goal, which is the Islamization of the world that should be regulated by Sharia, i.e. the world should be ruled by a single, Islamic law.

In the Muslim world one can hear explanations that jihad can have its peaceful form, but in this case, the goal is the same, and it is global Islamization. Certain peaceful means Jihad certainly has, but because the goal set before it, and this is the Islamization of the world and the structure of the world according to the Shariah, peaceful means are certainly insufficient, because it can not be expected that modern states give up their appliances and their legal order and peacefully accept another organization. Thus, it is wrong and dangerous to forget the ultimate goal of jihad, and forget its combat forms.

Until the attack on the United States on 11 September 2001 there had been a widespread practice both in the public and in professional circles to ignore the danger of the combat side of Jihad. This is often explained by the fact that the Islamic countries, primarily because of oil, came to the big funds which they used to buy also a benevolent view of the idea of Islamization, both in the general public and at official state institutions. The terrorist attack
on New York, therefore, represents a turning point and the beginning of the public to pay attention to all the dangers that the phenomenon of jihad carries.

JIHAD BASES IN THE BALKANS

The war in the former Yugoslavia, specifically in Bosnia and Herzegovina, which took place from 1992 to 1995, were viewed by the Islamist movement, Tehran and Al Qaeda as a good chance to use in order to achieve the objective of creating a foothold for entry of Islamic radicalism toward the center of the European continent, i.e. an initial point for the holy war in Europe and the penetration of Islamic militarism into Europe.

At the head of the Bosnian Muslim authorities at that time was Alija Izetbegovic, President of the Party of Democratic Action, who in 1970 published his “Islamic Declaration”, in which, among other things, he stated: “There can be no peace or coexistence between the Islamic faith and non-Islamic faith and non-Islamic institutions. Islamic movement can and must use force as much as possible, because it is morally and numerically strong enough. Not only for the destruction of non-Islamic forces, but also to build a new Islamic nation.” [Drecun, 2008] From these words it is clear that the intention was to use the fighting jihad to achieve religious goals. All of this was carried out simultaneously with the construction of a large number of mosques in BiH, together with sending a mass of Muslim youth into high Islamic studies especially in Iran, from where they returned with diplomas of mullah. Bosnian Muslim youth was in a planned and systematized way placed under the strong influence of Islamic extremists and terrorists, many of whom later passed terrorist training and was indoctrinated in Lebanon and Iran. With the return in BiH thus trained and indoctrinated Muslims began with the radicalization of Islam.

Iran, as one of the first ally of Bosnian Muslims in the conflict, advocated the view that the situation in BiH is a good opportunity to check the value of the export strategy of the Islamic Revolution, i.e. World Jihad. Tehran loudly urged other Muslims to help Muslim brothers in Bosnia-Herzegovina, who were eager for jihad and self-sacrifice in the name of Islam BiH. In the war conditions it was extremely important for creating a base of jihad.

War in BiH has undoubtedly had a distinctly religious character, as evidenced by the fact that within the Muslim units from the beginning of the armed conflict there was a large number of local Islamic religious officials involved. Further, in this area a chance for the implementation and dissemination of its ideas was seen by the organization Al Qaeda, whose leader, later notorious terrorist Bin Laden, at the beginning of the war made an alliance with the Bosnian Muslims. After that, the Bosnian Muslims received assistance from this organization, in the form of money, weapons and sending mujahedeen groups as auxiliary forces.

On the territory of Kosovo and Metohija Shiptar terrorism, together with the characteristics of extreme Albanian separatism, also had another feature, a radical Islamist feature. Much like in Bosnia, in Kosovo and Metohija there were rapidly built new mosques and renewed old, and there was work on the indoctrination of Muslim Youth, which was sent to the radical Islamic centers in the world to be educated and trained in terrorist camps for later operations. In the ranks of the later formed the Kosovo Liberation Army fought the Mujahideen from Islamic countries, who were highly prepared to carry out terrorist attacks on the territory of Kosovo. Also, it is known that Al Qaeda’s network in this part of the terri-
tory was very well organized, it has been continuously expanding network of members, and it has become a safe haven and transit point for Islamic extremists and terrorists, and as such is similar to the planning and execution of strong terrorist attacks both in the Balkans, but also in other parts of the world.

The presence of foreign radical Islamic factor in Kosovo is demonstrated by numerous facts. One of these data is the one that in 1995, when there were already set up bases for logistical and financial support from Al-Qaeda organization in Albania, there was a meeting in which, along with former President Sali Berisha, then head of the secret police of Albania Bashkim Gazidede (on that occasion was selected for one of the heads of the Al Qaeda Balkan area), Hashim Tachi and Haradinaj, was attended by Osama bin Laden himself, who organized this meeting in order to establish Al Qaeda cells in the area of Kosovo and Metohija.” [Trifunović et all. 2011]

In this way, by the inclusion of radical Islamists from other countries, who were extremely well trained warriors and terrorists, in Kosovo and Metohija there were also created radical Islamic experts, i.e. another outpost base of jihad was created. As Kosovo today is still an unresolved issue both in political and in many other respects, the risk of the presence of trained advocates of radical jihad becomes even more serious.

Macedonia, as another emerging country in the former Yugoslavia, ethnically and religiously diverse, also proved insufficiently strong to resist penetration and influence of radical Islamist forces that advocated jihad as a means of achieving their goals. Macedonian Muslims are ethnically very mixed and belong to Albanians, Turks, Bosniaks, Macedonians and Roma, so the Islamic community as such is burdened by conflict within their own ranks, primarily due to the expressed aspirations of Albanization and politicization of the Muslim population by Albanian political parties. Because of all this, modern Macedonia faces a huge test of whether it will be, as a relatively new and young country, able to resist such threats to security of both Macedonia, but also the wider region.

Albania is a known and recognized center of Al-Qaeda operation in the Balkans. Financing of their activity was also carried out according to the tested model, i.e. funding through the so-called charitable organizations.

“In Albania there are about 15,000 people along with their families, which are estimated to be Islamic radicals that can be mobilized in a very short time. Through Islamic non-governmental organizations Al-Qaeda has successfully connected its network in Kosovo, in Bosnia and Herzegovina, Macedonia and Albania into a single Balkan Jihad base, to which we should also add the structures that are created in the south of Central Serbia and Sandzak.” [Drecun, 2008]

Further, Montenegro, as an integral part of the Balkans, particularly in recent years has not been spared from the operations of the radical Islamic factor, i.e. it is not exempt from danger of jihad. This phenomenon in Montenegro corresponded to the war in Bosnia and Herzegovina, when it was not uncommon for Montenegrin radical Muslims to be involved in armed conflicts in BiH, in order to, together with the Bosnian mujahideen and the mujahideen of Afro-Asian origin, fight against “infidels”, displaying very often religious fanaticism. Radical Islamist element is still present in this country, it is financed in the same way as other cells of Jihad in the Balkans, it indoctrinates the local Muslim youth and a is a serious potential threat to regional security.
Sandzak today i.e. Rasko-Polimski area includes five municipalities in Montenegro (Bijelo Polje, Rozaje, Plav, Pljevlja and Berane) and six municipalities in Serbia (Novi Pazar, Sjenica, Tutin, Nova Varos, Prijeponje i Priboj). This area is highly multiethnic and it has the single largest Slovenian Muslim community in the Balkans outside of Bosnia and Herzegovina. In this area there began the formation of a strong Islamist extremist network after the end of the war in BiH, on the territory of Macedonia and Kosovo. This area is characterized by the paramilitary organization of radical Islamists since the early nineties, and the parallel construction of a large number of mosques. These radical Islamists, known as Wahhabis, argue for a jihad against the infidels and their operations are much more organized than the general public can imagine. “The most important goal of violent or “military” operations that the Wahhabis want to achieve is the creation of” Islamic state of Sandzak, “which would include parts of Serbia and Montenegro, was based on Sharia law and annexed the Muslim Bosnia.” [Trifunović, 2011] In this light, Novi Pazar, which is the center of the area, is now perceived by many as the most radical Islamist place in the world. Jihad is there a real threat to security, especially having in mind the fact that the Sandzak Wahhabis have been continuously arming themselves and undergoing military training and ideological indoctrination. This network, which is still growing has the option of performing terrorist and paramilitary activities, and in front of them they have a clearly defined goal to strengthen the unique Jihad base in the Balkans to serve for the transfer of radical Islamist activities into Western Europe.

VULNERABILITY OF THE WESTERN BALKANS TO JIHAD AS A MODERN SECURITY THREAT

“Jihad, the holy war and the means to spread the ideology of radical Islamism as a global phenomenon has not bypassed the Balkan region.” Its geographical location, historical legacy and current social and political processes that are carried out in this area indicate the potential for creating a solid foundation for the operation of the radical Islamists, which could exceed the regional boundaries.” [Stevčić, 2016]

Events of recent history and armed conflicts in the Balkans, especially in the former Yugoslavia, as well as a global advancement of radical Muslim campaign led to the current situation that the radical Islamic action, or jihad as a means to spread Islam found fertile ground in the Balkan states. In support of this is the phenomenon that the Balkan countries are increasingly recruiting followers of radical Islamists war conflicts in Syria and Iraq.”

Balkan countries had long been under Ottoman rule, which from this area officially left after uprisings and wars in the 19th and 20th centuries, but traces of Ottoman rule and the influence of Islam is something that remains a reality that and is now present in most of the Balkan countries. After the liberation and the creation of small independent states, the Balkan countries were trying to join the European mainstream, but that in their case was not and still is not an easy effort, especially due to uncertainty of the political elite in these efforts, as well as the heavy burden inherited from the past, which is related to a collision of various ethnic and religious groups in this area.

The rest of Europe, which due to such historical circumstances viewed the Balkans as the gate of Islam and the Ottoman Empire, today also with great caution perceives the
Balkan states and peoples as an equal part of Europe and the European family of nations. However, “many issues of global importance have their regional reflection in the Balkans, where they were imbued with complex relations that govern the different segments of the Balkan countries. One such issue is the phenomenon of radical Islamism, which, at least in the broader public opinion, has been actualized in the last few decades.” [Stevčić, 2016]

Radical Islamism as an ideology that is present in all parts of the world, and jihad and associated terrorist actions advocated by practitioners of this ideology, unquestionably finds its place in the Balkan countries too, as evidenced by the many bases of jihad in the Balkans, especially in Bosnia and Herzegovina, Kosovo then in Albania, Macedonia, Montenegro and Serbia also has not been spared this problem. The specificity concerning the Balkan Muslims refers to the fact that they are not homogenous in this area, they are of different ethnic structure (Slovenian, Albanian, Turkish and Roma Muslims) and have different traditions and group history, so this is one of the reasons why Balkan is a fertile ground for radical Islamist ideas and ventures.

The wars in the former Yugoslavia, especially the war in Bosnia 1992-1995 are historical evidence of turbulent Balkan soil, where one of the causes is also religiously mixed population and strong Islamic strongholds in these countries. Propaganda that followed the events of the war in Bosnia at that time favored the Bosnian Muslims, who were represented by the world as the victims of conquering aspirations of the Serbs, and Croats from Bosnia. Then the rapporteurs from the field neglected the religious factor in the conflict in Bosnia. “Either due to ignorance or premeditation, western journalists have failed to notice how the ruling Muslim party, although it presented itself as a fully democratic and impressively multicultural, actually was of radical Islamists orientation, which viewed revolutionary Iran as an ideal society. Even worse, the presence of thousands of holy warriors in the ranks of the Bosnian Muslim warriors imported at the request of Sarajevo from all over the Muslim world to wage jihad in Europe was hardly mentioned at all.” [Šindler, 2011]

Therefore, the leading Western countries and their public long failed to pay the necessary attention to Bosnia and its role in the practice of jihad and jihadists, who later all the lessons learned in the Bosnian war began to practice through numerous and frequent acts of terrorism around the world, performed in order to spread of Islam as the final goal. Many terrorists who are now arrested and are sought after have Bosnian passports, which is another fact set forth in favor of the view that the Balkans have long been faced with potential threats of jihad and radical Islam, as its supporting ideology.

The influence of radical Islamism on the developments in Kosovo and Metohija at the end of 20th and beginning of the 21st century is much different than it is the case with Bosnia and Herzegovina, although it happened here, for example, that the Albanian president (Sali Berisha) called the war on the territory of Kosovo Jihad, and called upon Muslims to join the defense of their Muslim brothers in Kosovo. However, the religious element in Kosovo Muslims was less pronounced than it was among Bosnian Muslims, and for the Kosovo Muslims separatism was the guiding idea, not a holy war in the name of spreading Islam. “Radical Islam in Bosnia and Herzegovina and southern Serbian province of Kosovo represent the center where the representatives of this ideology exert influence on the ideology of Muslim population, depending on the ethnic group to which they belong. The weakness of the authorities, the availability of remnants of recent wars and topographical characteristics
of the soil have led to that in Bosnia and Herzegovina and Kosovo and Metohija strong radical Islamic bases have been formed.” [Stevčić, 2016]

In recent years there is a tendency among Balkan Muslims to engage in Islamic issues around the world, primarily those active radical Islamists who advocate jihad, or holy war conducted for achieving religious objectives.

CONCLUSION

Strengthening of the radicalization of Islamist ideology and its organizations is not a typical characteristic of the Balkans only, but it is a real danger today globally. Factors that helped to strengthen these tendencies in the Balkans are primarily related to the effects of the recent war in this region, with which all the countries of the Balkans are faced, both the old ones and those that have only recently been formed, thereby insufficiently strong to cope with these dangers.

The Balkan area, with a recent history of armed conflict, proves to be a fertile ground to strengthen the ideology of radical Islam among the Muslim community. It is undisputed that this ideology exists, and we can only ask the question to what extent it is rooted among the Muslim population in the Balkans, as well as the extent to which it is linked to the radical Islamist centers worldwide.

Radical Islamists always aim to achieve the remodeling of societies and countries to measure and in accordance with the rules of their ideologies, so almost always the first direction of their activities is aimed at the Muslim states, i.e. later on to the states in which there is a certain percentage of the Muslim population.

In terms of the global threat of jihad and the position of the Western Balkan countries in this regard it can be concluded that this area has long been in the background when analyzing the global issue of jihad, in the shade of issues of the Middle East and Muslim activities in Western countries. However, we must not neglect this kind of safety hazards at the regional level, namely the threat of radical Islamic influences that could easily come from the cells of Jihad that were rooted and undoubtedly strengthen in all Balkan countries. The survival and strengthening of the radical Islamic factor in the Balkans is supported by the geographical position of the Balkan countries, which are a link between Europe in the Middle East, therefore an open way for the spread of radical Islamic ideology and the practice of jihad.

To all the above mentioned facts we should add a generally known and now increasingly recognized truth that the war in the former Yugoslavia, especially Bosnia and Herzegovina, by the Western powers and their media was represented in a way that neglected, and perhaps even concealed the influence of Islamic radicalism, which later contributed to rooting and spreading of jihadist network that has its effect far beyond the Balkan region. “The war in Bosnia was perhaps the most wrongly presented conflict of the modern era, to the great benefit of radical Islam and the global jihad. Many difficult questions were rarely asked, and they were never answered.” [Sindler, 2011] It is precisely this situation that followed the events of the war in the Balkans in the late 20th century that has added extra strength and power to all of today’s jihad fighters.
REFERENCES


Abstract: The contribution deals with the economics of education and with the approaches to its optimisation on the basis of the field research. From the view of the education we can say that the macroeconomic approach involves a modelling of economic growth in an education. The objective is to contribute to a field of education with the economic principles and therewith to identify basic fields in an education. Based on the identification of an economic field in the education the research within the education sector was carried out. The Career Center is one of the area at the university that could make more integrative and operational environment for the students. We can define the Career Center as the challenge and the opportunity for universities all over the world. Also, the Career Center may result as the total care for the development of student’s careers, the deepening their knowledge and qualifications. The level of student’s knowledge and competences can be raised, and their personality developed. However, the education sector should enhance a human capital also with the support of the new activities in the education. The fact that the human capital is not important only for the one human being and that relates to the whole society is the crucial point that we have to be concerned with while we analyze the meaning of the education. Advancing, creation and researching are the three vital points which generate the knowledge through the education institutions. Universities contribute to the social, economic, cultural and education development in the society.

Keywords: economic model, effects on education, career centre, employment, students, cooperation with companies.

INTRODUCTION

Today’s period is predominately marked by change. Fast technological development, sharp competition, globalisation and similar trends are forcing companies to have dynamic
developmental goals. It is therefore a priority task of them to secure a high-quality human resource structure, primarily focused on raising the levels of productivity, efficiency, creativeness and innovativeness. We may expect that those companies failing to keep up with global developments will lose their competitive advantage and start lagging behind in developmental terms. A company always attempts to achieve the goals it has set through its employees, therefore many authors (Lipičnik, 2002; Porter, 1997; Baron and Kreps, 1999) assert that it is precisely human resources that represent a company’s competitive advantage. Novak and Florjančič (2004) hold a similar view, stressing that management has to become people-focused, discovering in them unknown potential that will help company to resist pressures of global competition. Webster and Jensen (2006) believe that the way to enhance competitive capacity is to enhance human capital, being the single inconstant capital, which can be continually increased, while natural resources are in fact constant. We may conclude that companies will only manage to operate successfully in global circumstances if they maintain a clear human resource development vision and provide the competences required for a global functioning of their staff, both those in service and those in the preparatory phase. The latter is the term used by Florjančič et al. (2004) for would-be staff in the process of education. Inasmuch as companies are regarded as places where science is practically applied and where education is best evaluated, the continuing cooperation between companies and educational institutions is so much the more important. This is the only way to manage to generate and apply development; in this process, a new, higher and desired situation is attempted to be created out of the existent knowledge and skills of human resources, resulting in the recognition enjoyed by well-performing companies. Education – the process of learning new skills, of finding out new information or of understanding various phenomena – can be analyzed by theories of cognition, theories of behaviour and through most Social Science disciplines (Belfield, 2000). Education may be regarded as a way of generating, accumulating and maintaining human capital (Becker, 1985). Human capital an individual’s embodied skills above their raw labour ability – can be obtained in many forms: schooling and training are the educational forms of interest here, but alternative forms may be experience or simply watching those who already have a larger stock of human capital. As a case of alternative form there the career center at the faculty may be mentioned. Typically, such accumulation takes a long time and it may be measured using educational credentials, such as certificates, years of schooling or examination grades. But although exams are sometimes an end in themselves, the deployment of human capital typically has external effects in the labour market, in the household or in a broader society. Educated people are typically more skilled, allowing them to earn more; but they may also be more health-conscious, allowing them to enjoy life more, or more civic-minded, contributing to society’s goals. In choosing how to deploy their human capital to any of these ends, individuals are making decisions about resources, economic decisions (Belfield, 2000).

1 ECONOMIC MODEL OF EDUCATION

A macro-economic approach to the generalised effects of education involves modelling economic growth. Aggregate production function and growth models may be used to capture some of the social benefits and productive spill-overs of education. In these models
education may affect economic growth in representing either an enhanced labour input or a separate factor of production (Blundell et al., 1999; Romer, 1994). Following Benhabib and Spiegel (1994), the production function for per capita income $Y_t$ may be rendered in Cobb-Douglas form:

$$Y_t = A(t) \cdot K_t^\alpha \cdot L_t^\beta \cdot H_t^\gamma \cdot \varepsilon_t$$

(1)

Here $Y_t$ depends on physical capital $K$, labour $L$ and human capital $H$; $\varepsilon(t)$ is a growth coefficient over time (with a residual error term). Growth regressions can then be estimated using log differences across the base period $X$ and current time period $T$:

$$\log Y_t - \log Y_x = (\log A_t - \log A_x) + \alpha (\log K_t - \log K_x) +$$

$$+ \beta (\log L_t - \log L_x) + \gamma (\log H_t - \log H_x) + \varepsilon T_x$$

(2)

The coefficient of interest here is then beta the impact of the difference in human capital on per capita income growth. To extend the model, a law of motion or trajectory for human capital can be generated (as in De Gregorio, 1996; Glomm, 1997). These trajectories for human capital accumulation map the possible effects of education on economic growth as the two grow together. Benhabib and Spiegel (1994), for example, model the effect of human capital as a way of raising productivity through innovation and endogenous growth or allowing nations to catch up with designated “world-leader” economies. Alternatively, these leading economies may experience positive feedback in investing further in education and so growth rates may diverge. Another chain of causation may occur where an an educated workforce is a pre condition for foreign investment of physical capital; this may be either directly because of the educated workforce or indirectly because education is correlated with political stability. Instead of direct influence as a factor, though, education may be boost total factor productivity, through innovations and through, education may boost total factor productivity, through innovations and through the speed of adoption of technology from abroad. Also, human capital may be rivalrous in indivi-dual workers or non-rivalrous as a shared level of knowledge about new designs and methods (Belfield, 2000).

Unlike labour and capital, factors which may be inelastic in the short run, education may be a more immediate way to raise economic growth. In Eeckhout’s model (1999), where inputs are not readily substitutable and ability levels are heterogeneous, education serves as a way to move the economy on to a higher growth path. De Gregorio (1996) traces through the effects of borrowing constraints on human capital accumulation and so economic growth, finding the removal of such constraints may boost growth. If the stock of human capital produces growth, then innovative workers are in effect generating economic growth and may do so over long periods of time.

Thus the growth of output may be attributable either to the level of education or to its growth (or both), with flows of human capital raising technical progress. To test this, two measures of human capital are typically used. The stock of human capital may be proxied by years of education per worker or literacy rates. The flow of human capital may be rendered as...
enrolment rates in schooling, that is, the net proportion of the age group which is in schooling. An enrolled student cohort is therefore the flow which augments the existing stock of years of education. The difficulties with using such variables are that, typically, developed countries have literacy rates which are narrowly spread and very high, tending toward 100%, and so leave little room for “growth” (Belfield, 2000). As an alternative, Pritchett (1996) uses the wage increment from years of education across the working population to represent the present value of a given stock of schooling.

Before looking at the evidence of the effects of education on national economic growth, such models may be applied to regional development. Economic growth effects may be estimated from looking at the multiplicative effects of education institutions, particularly universities. Such institutions are important loci of expenditure and economic activity and may have spill-over effects on the skills mix and industrial structure of a local economy. The effects of such institutions may be significant for regional growth and research effort (see Harris, 1997; CVCP, 1997; for a single university, see Battu et al., 1999). On the benefits side, a larger host community of education providers is likely to: attract and retain workers, provide low cost access to education cycles (although increase sensitivity to demographic cycles); and allow for economies of scale in labour markets. On the costs side, congestion and higher tax burden may suggest against increased education provision in a region.

2 THE PROBLEM OF YOUNG PEOPLE PENETRATING THE LABOUR MARKET

Graduates are one of the groups which have most difficulties finding employment. We believe that in the future, the economy will be unable to absorb the multitude of jobless graduates if they do not possess the needed skills, capabilities and qualities expected or required by employers. That is to say, a right person in a right place continues to be economically justified. Pavlin (2004) proved that in certain cases, the educational system has difficulties following changes in the labour market. According to him, educational institutions should attempt to properly develop their graduates’ competences for the labour market. Ferjan and Jereb (2005) note that there is no part of the world where employers employing graduates coming from schools or faculties were, or are, entirely satisfied with the latter’s skills and knowledge. According to Spitzer (2005), similarly, companies frequently are doubtful as regards the efficiency of education and training, since it commonly happens that the majority do not acquire the skills needed for effective work, or that skills and knowledge acquired are irrelevant. Further, Catelli (2006) found that the influence of education on an individual’s level of performance only accounts for approximately 20 percent, while experience and on-the-job learning have a high influence on effective work.

We must be aware that one needs to continually adapt to changes and to be ready to change his or her occupation several times in the course of life in accordance with the changing job opportunities. It is important to develop both technical and social skills and, primarily, to understand when, how and why to use them. It is therefore so much the more vital that the occupation we desire to pursue is in harmony with our capabilities, personality and interests. Wenger et al. (2002) are aware that in the modern society, occupation is an increasingly flexible and heterogenous category, since occupations change, primarily as
regards tasks and duties performed by an individual in a certain work process. Most secondary school graduates continue their studies at a university level, therefore it is in the secondary school when young people ought to already be acquainted with the situation in the labour market, and with knowledge, skills and qualities required by employers for particular kinds of work.

Increasingly more problems are observed in Slovenia regarding employability of young people – including those with a completed higher education, whom this paper is concerned with. We believe that young people mostly begin to think of their career too late, which is one of the reasons why they have difficulties finding employment after completed schooling. If they fail to get employed shortly after finishing their studies, they may start feeling prospectless and useless, which in turn can leave an individual with permanent mental consequences. Although youth is being prolonged as a period and young people start to think of employment, having a family etc. relatively late, they ought to be aware that it is precisely by planning and steering their career that they can acquire more competence, knowledge and capability for work. In most cases, the reason why young people fail to get suitable employment after finishing their studies, thus being unable to pursue their planned career path, is the lack of work experience, which they do not acquire during their studies. Another thing that frequently happens is that young people’s expectations regarding their career differ from what the situation turns out to be in reality when they actually become employees of a particular organization. Brennan (2005) describes that many employers cooperate with students by way of offering them financial support, rewards for the best of them, performance of mandatory pre-graduation practical work, and sponsorship in the final year of their studies. Employers thus get to know the students early enough and recognise more easily those who meet their company’s needs. On the other hand, students get to know the work being done, collect experience, and find out if a particular job suits them and if they are ready to work for the company after completing their studies.

The issue described has prompted us to consider how the existent situation might be improved. One solution to coping with the high graduates unemployment rate is to enable students to already start having contacts with employers in the course of their studies, thus helping them to get connected to the labour market. It is already during their studies that students could make out a career plan, and develop skills and concepts and acquire extra knowledge that would help them achieve the goals set within their selected path. We see opportunities primarily in the establishment of career centres at faculties as described by Novak (2009). We believe that faculties ought to adapt to new circumstances as well as make use of the opportunities that the changes have brought along, which has prompted us to investigate faculty students’ readiness to participate in a career centre.

For individuals, the broad evidence points to education’s importance. Even if causality has not been established, there is plenty of circumstantial evidence and the imperative for individuals investing in a substantial duration of education appears strong. Yet there appear to be several difficulties both in estimating the nonpecuniary social effects and in substantiating the macroeconomic gains from education. Along with the equivocal macroeconomic evidence, some more direct criticisms have been offered, however, and these merit serious consideration (Belfield, 2000).

Levin and Kelley (1994) offer a critical evaluation of the economic benefits of education on a number of fronts, arguing against the “educational optimists” who simply presume
that more education will mean higher economic growth. First, they argue that neither the connection between test scores and earnings nor the connection between test scores and productivity measures is strong. Workers may need to satisfy a threshold level of skills, but beyond this the returns to education are small and education does not boost economic growth. Second, although education may have a positive effect, a number of other complementary inputs must be in place: these might include new investment in capital goods, better management processes, and better organisational ways of working. Third, the strongly persuasive cross-sectional evidence, which has been amassed above, needs to be contrasted with the less persuasive and more sparse longitudinal evidence.

Given the inconclusive aggregate evidence, there are plenty of explanations for why education does not raise economic growth. Pritchett (1996) suggests that screening and signalling effects simply serve as a way of re-distributing wealth; subsidies for education may lead to overinvestments; and under-employment may be tolerated through under-written jobs in the public sector. Perhaps investment has been on the wrong sort of education – either higher education, investments on the intensive margin or training programmes with high deadweight losses may be suspects here (Belfield, 2000).

Finally, Behrman (1987, 1996) contends that there is limited evidence on how durable education' influence is on behaviour. It is possible, but not well investigated, that a high school diploma or a degree enhances all life experiences, but it seems an optimistic proposition. Belfield et al. (1999) present evidence from 11,000 UK graduates on the contribution their degree made to their personal development; the evidence suggests that a degree is only a temporary boost, as other life events supersede.

3 CONCLUSION

Despite the fact that faculties are being faced with restrictions of funds, we need to recognise the importance of career for an individual and the necessity to establish a centre for developing students' careers such as are known in foreign faculties and in only a sample of faculties in Slovenia.

We believe that an establishment of a career centre at the Faculty of Organizational Sciences can be a new challenge and a unique opportunity for the students to start being aware of their role and significance in the society. Today, it has become impossible to imagine social development if the majority of people did not do their work in accordance with their interests and capabilities, trying to do well in the selected profession. Within the career centre, students could acquire extra knowledge and develop their capabilities, which would enable them to successfully compete in the labour market. Finally, the Faculty could deepen trust placed in it by Slovenian companies and the economy. This, in turn, would also represent greater responsibility toward the students, as the career centre would provide new opportunities and challenges for all those who desired and were able to make use of them.

Set of effects on education are arguably the most important, particularly if the individualised effects of education – be they earnings or non--pecuniary -are zero-sum. The evidence here is not conclusive though: interpretation of these models is also difficult when few of these macro-economic effects have been expressed in rate of return metric or cost-benefit ratios. This comparability with individual effects of education identified
above is none the less: individualised data may not be sufficient to show education investments to be externally efficient, that is, for the private marginal product of education to be equal to the social marginal product. For this efficiency condition to be established, aggregate data must also be incorporated and interpreted so as to cohere with the most robust micro-economic evidence that education raises earning (Belfield, 2000).

REFERENCES


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For specifying the sections, please use the decimal system of headings with no more than three levels:

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\[ A \quad B \quad d \]

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For the first occurrence (other than for commonly used acronyms) spell out each word
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• Please do not insert symbols or special characters that are not part of equations as graphics or using the formula editor if they are available as Symbol or Unicode fonts.

• Formulas/equations are numbered consecutively. The formula number is given in parentheses as right aligned text next to the formula

\[(a + b)^2 = a^2 + 2ab + b^2\]  

(1)

In equations SI units must be used.

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• Abstract
• Introduction
• Exposition sections
• Conclusion
• References

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