

IMPORTANCE OF EDUCATION IN MODERN ECONOMIC ENVIRONMENT

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Abstract: *This paper presents the importance of education in today's economic environment, as seen from the perspective of market-oriented organization. Further, this paper indicates the necessity of investment in education but also the importance of human resource management in terms of assessment, attraction and use of skilled and quality staff. The importance of investment in educated personnel is emphasized, both by the state and by organizations interested in quality human capital.*

Keywords: *education, economy, competitiveness, market.*

1. INTRODUCTION

Education is a fundamental determinant of modern society, both in economics and in other aspects of human life. Educated personnel make up a significant resource of an organization. Their knowledge directly and indirectly contributes to the productivity and success of the organization in a competitive, demanding market.

Education can be viewed as a process that allows us to produce professional staff who can respond to increasingly demanding business challenges. Education can be: formal, informal and combined. Formal education is the oldest and most universal way to perform the educational process. It includes educational institutions from the state or private sectors that have fully developed systems complied with the constitution of the domicile state. Further, there is a defined system of control of the educational process which is - to a greater or lesser extent - periodically implemented. Informal education refers to the process of acquiring knowledge, skills and abilities independently or by means of appropriate courses, lectures, seminars.

2. MODERN MARKET

Modern market is a modern battleground similar to ancient gladiatorial arenas. The application of modern market economy imposes high standards in terms of quality and quantity of necessary resources. There are different ways of looking at the segments that define competitiveness. One of the existing divisions of view refers to: Viewpoint of industrial organization (I / O) and viewpoint based on resources (the resource-based view, RBV). Viewpoint based on resources highlights the importance of human resources, which include: knowledge, experience, qualities, skills and competencies of the organization. [1] Organizations need to identify, attract and retain quality staff who will use their knowledge, skills and abilities to the advancement of market-defined standards (performance). Specific circumstances of the global market represent a particular challenge for organizations. The main elements of best practice include advanced selection methods, a serious approach to employee involvement in the work process as such, investments in training and development, use of individual systems of remuneration, as well as coordination of work between different sectors within the organization. [2]

The success of an organization depends largely on the selection of personnel, both for management functions and for ordinary workers. Just how much importance is attached to quality and educated personnel is evident from the examples of big companies. Companies such as Electronic Data Systems (EDS), McKinsey & Company, Cisco Systems, Southwest Airlines, Procter & Gamble, PepsiCo, Nike, Microsoft and Intel make huge efforts in the process of attracting and retaining the very best personnel available on the labor market. Aware of the importance of educated personnel, the said companies – and, by the way, they are the leaders in their fields of activity - offer attractive compensation packages as well as the possibility of training and promotion, all with the aim of retaining the best people. [3]

Advanced countries, as the pillars of the economic development of Europe, regularly highlight the importance of investment in personnel education, all in order to improve performance both on the domicile and on the international markets. Global competition and the speed of daily changes in the environment emphasize the importance of human capital in the organization, as well as the speed and methods of acquiring knowledge. The proposal of the British Government DFEE (1998) states that “investments in human capital shall be the basis of success in the 21st century”. [4]

In the analysis of resource strengths and competitive abilities of enterprises, organizations, among other things, list the following parameters:

- educated workforce
- experienced and capable workforce
- talented staff in key areas
- top-knowledge and intellectual capital
- collective knowledge in-built in organizations
- management know-how. [5]

3. ECONOMIC PREDISPOSITION

Educated workforce is an expensive but at the same time valuable resource of modern economy. High-order and economically powerful states have a significant advantage in terms of planning and implementation of quality educational process. In systems that oper-

ate according to pre-defined matrices, state, ministries, universities and associations are in a position to coordinate use of both energy and material resources in order to - in the near and distant future in particular - form educated personnel ready for the challenges of the modern economic environment.

Enormous differences in standard of living between countries affected significant discrepancies in terms of birth rates. The problems that economically developed countries (especially in Europe) face are related to the declining number of young people and therefore of educated people. An additional problem is the fact that a significant percentage of young people in these countries has no need for higher education, due to the fact that very easily they find jobs and provide for their existence after finishing no more than high school. The advantage of economically developed countries is that they have both appealing educational systems and economic sectors, which sufficiently compensate for the aforementioned disadvantages. Young people from undeveloped countries and countries in transition with much enthusiasm move to the economically developed countries to continue their education or to find jobs. In this way developed countries have the opportunity to accept and "take advantage of" partially or fully formed, educated people, who will use their knowledge and energy to bring prosperity both to the organizations where they are employed and to the states that helped to make it happen. Low-income countries and countries in transition are faced with the problem of brain drain, which to a large extent aggravates the circumstances in terms of economic development. Educated young people must be given the opportunity to share and express their knowledge, energy and creativity immediately after graduation. If they fail to receive adequate opportunity, they are faced with the choice between the following two: employment outside the profession within poorly paid (low qualification) jobs or relocate to the economically developed countries.

Depending on the economic situation but also on plans and programs covered by constitutions and laws, states invest different amounts in the context of investment in education. In 2008 the excess of national spending on education in the EU consisting of 27 members amounted to 5.07% of GDP. Denmark had the largest investment of 7.75% of GDP, and Slovakia had the smallest investment of 3.59% of GDP. [6]

Modern organizations that are leaders in their fields of activity allocate significant resources to attract qualified staff. Their position is based on the fact that in today's economy of services enterprises process information more than they process raw materials, which requires college-educated people.

In 1999, the average annual salary of a thirty-year old with secondary education amounted to \$ 35,000, while the average earnings of a person of similar age with higher education amounted to \$ 68,000. The yield on university education in the period from 1979 to 1999 has increased dramatically. While in 1979 people with a university degree earned 25% more than high school educated people, the difference in earnings in 1999 was 55%. [7]

The goal of any organization is to acquire as qualified staff as possible with as little cost as possible. One of the main causes of growing competition in recent years is the rise of the global economy, causing inevitable competition among competitors on the international level. In today's economic environment which has a global orientation, there is evident need for educated people whose knowledge outweighs the potential linguistic, cultural and sociological barriers. This means that organizations direct their focus towards personnel who - besides competence in the economic sphere - have knowledge of languages, knowledge of cultural patterns and customs of the countries in which they operate and with which they cooperate. Preferred are the people familiar with modern technological devices and soft-

ware programs. The scale of standards in terms of education, skills and creativity has been raised to a very high level.

Technological advances, advances in the field of information technology, telecommunications, biotechnology, laser technology – all these impact organizations in terms of adapting the process of recruiting staff, both in terms of methods and in terms of the criteria.

In a turbulent system knowledge represents a major economic resource that has an important role in the creation of new values, as well as in the effective management of modern business systems. In modern circumstances, which can be characterized as variable and turbulent, business systems that provide continuity in the creation of new knowledge, new business models, technologies, products and services, are considered successful. [8]

The condition for organizations to be successful market-wise is that they must be competitive. The condition for organizations to be competitive is that they must have educated employees. Available educated personnel is conditioned on investment in human resources and on compensation system. For an organization to be able to invest in human resources and compensation systems it must be successful (must have available funds from profit). The circular form is evident, where education represent an important link along the way of achieving objectives.

4. CONCLUSION

Economic challenges that organizations face require proper planning and recruitment of qualified staff willing and able to be the bearers of the mission and vision of the organization and operational activities relating to the realization of the objectives set. Economic progress cannot be sustained without major investments. Intellectual capital has a significant place in the knowledge economy and in the process of value creation. It is this exactly that allows for a balance between financial and intellectual capital. [9] Organizations need to recognize and take advantage of the willingness of the individual to receive education as an investment that brings benefits to the organization and indirectly personal gain. It is necessary to set up the network connection between the market-oriented organizations, relevant ministries and educational institutions, in order to define the strategic approach as the foundation for creating and implementing the most educated and highest quality staff.

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